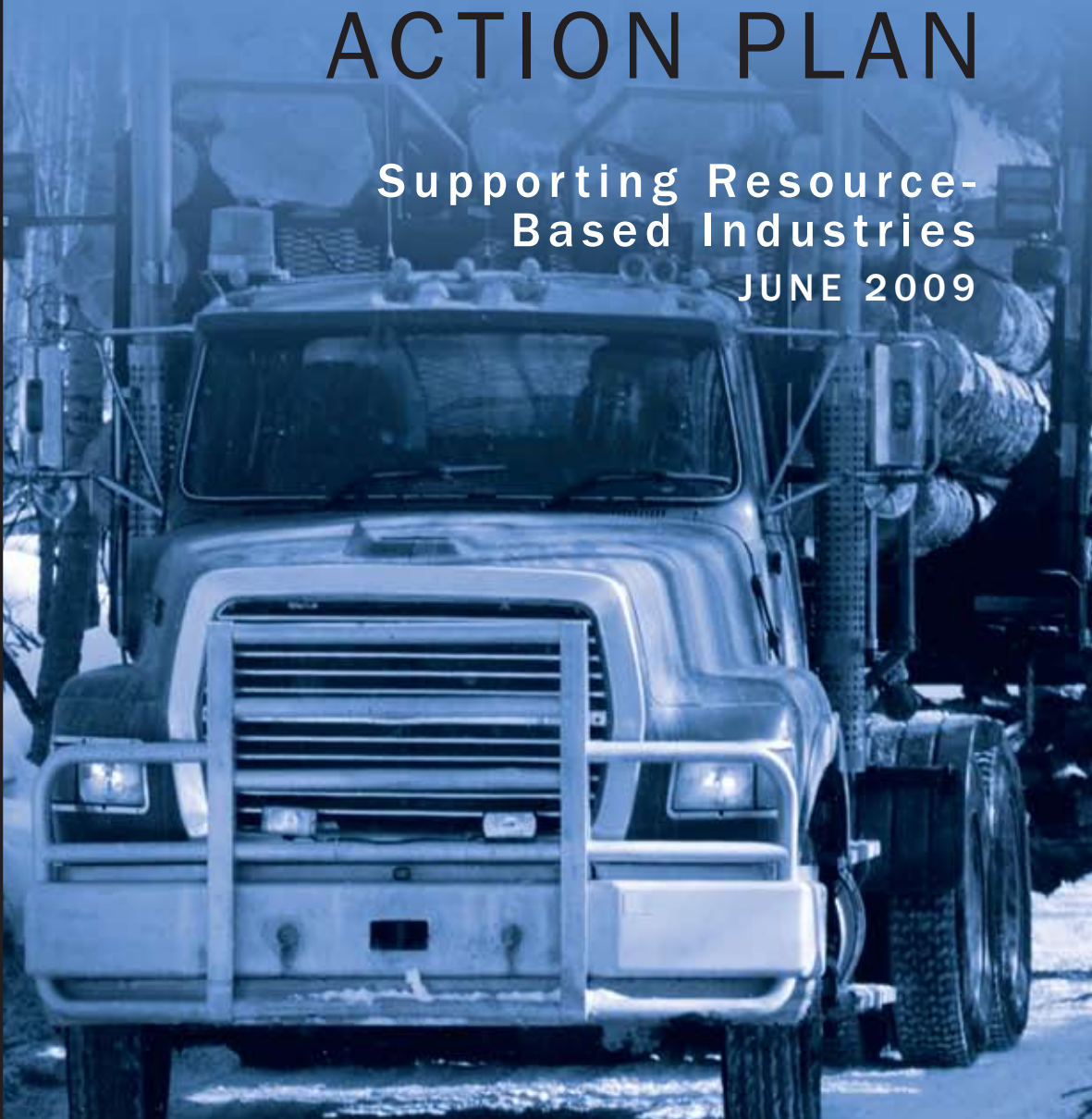


CANADA

CANADA'S ECONOMIC ACTION PLAN

Supporting Resource-
Based Industries

JUNE 2009



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Based Industries**

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Government
of Canada

Gouvernement
du Canada



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Canada's Economic Action Plan

Many Canadian communities, businesses and workers have been seriously affected by the economic slowdown. That is why our Government brought forward Canada's Economic Action Plan. It is a clear blueprint to stimulate the economy, protect Canadian jobs and support those hit hardest. It is delivering \$62 billion in stimulus, among the largest of the Group of Seven (G7) economies.

The Government is delivering on Canada's Economic Action Plan today, when it is needed the most. It will provide a boost to output and employment. It is an investment in our future.

The Plan:

- Reduces taxes permanently.
- Helps the unemployed through enhanced Employment Insurance and training programs.
- Avoids layoffs by enhancing the Employment Insurance work-sharing program.
- Creates jobs through a massive injection of infrastructure spending.
- Helps create the economy of tomorrow by improving infrastructure at colleges and universities and supporting research and technology.
- Supports industries and communities most affected by the global downturn.
- Improves access to and the affordability of financing for Canadian households and businesses.



Support for Canada's Resource-Based Industries

Across Canada, communities rely on our country's natural resources for their economic prosperity. Traditional industries, including forestry, agriculture, mining, fisheries and shipbuilding, are major contributors to our economy, especially in rural and remote areas. For generations, they have provided jobs and helped sustain traditional ways of life.

Our Government has acted decisively to support these industries, helping them take advantage of new opportunities and continue to be an important contributor to jobs and prosperity in Canada.

Government actions to date include:

- Lowering taxes, so that companies can use their resources to reinvest and create jobs.
- Reducing the paper burden on company growth and investments.
- Improving the regulation of large resource-based projects through the Major Projects Management Office.
- Resolving the softwood lumber dispute to reopen access to the U.S. market for our lumber.
- Making targeted investments to support farmers and their families, address the pine beetle infestation, help open new markets for our forestry producers, sustain the fishery and increase tourism in Canada.
- Building world class infrastructure to assist businesses in reaching markets more efficiently.
- Investing in science and technology initiatives to help build the highly-skilled workforce needed for Canadian businesses to remain competitive in the global economy.

"The government has clearly heard the message and embraced our vision of becoming the producers of the best quality, most innovative and greenest forest products in the world. And it understands that in order to get there Canada needs to attract investment and secure the jobs of nearly 300,000 skilled Canadians forest workers and the communities they work in."

—Avrim Lazar, President and CEO of the Forest Products Association of Canada, January 27, 2009



Forestry

A strong and vibrant forestry industry is important to the overall performance of the Canadian economy and to the hundreds of communities across the country where forestry is the main industry and source of jobs.

The Government has provided \$70 million in 2009–10 to support programs that foster market diversification and innovation initiatives in the forestry sector to help create and maintain jobs. This investment will be supplemented with a further \$100 million next year.

The Government has also created a joint forestry task team with the Government of Quebec to ensure forestry investments are fast-tracked. So far, the team's efforts have resulted in the joint investment of \$200 million by the federal and Quebec governments.

Value to Wood Program

The Value to Wood program provides funding for research related to the development of new value-added wood products, such as prefabricated buildings, engineered wood products and designer furniture. As well, it provides technical assistance to small and medium-sized companies wanting to adopt new technologies. The research is conducted by five leading wood research organizations across Canada, including universities and the world's largest forest research organization, FPInnovations. Budget 2009 has provided additional resources to extend the work of this program.

Mining

Canada's rich mineral resources represent significant economic opportunities and fuel the economic development of a large number of communities, many of them in rural and remote areas.

Canada's Economic Action Plan supports mineral exploration activity across Canada by extending, for an additional year, the temporary 15-per-cent Mineral Exploration Tax Credit to flow-through share agreements entered into during the period from April 1, 2009 to March 31, 2010 to encourage continued exploration and job creation.



Agriculture

Canada's agricultural sector provides healthy and nutritious foods for families in Canada and across the world, and forms the economic basis for many small and rural communities across Canada. The Government continues to make progress on the four new measures targeted to Canada's farm businesses outlined in the Economic Action Plan.

Under the \$500-million AgriFlexibility program, the Government will provide funding for initiatives that help the sector adapt to pressures and improve its competitiveness to ensure more farm success.

The Government will also provide funding totalling \$50 million to support investments in meat slaughter and processing plants that reduce these plants' costs, increase their revenues, improve their operations and create and maintain jobs.

The Government also proposed legislation to expand the access to credit farmers need to build and grow their operations. Bill C-29 proposes to increase the amount of guaranteed agricultural loans and their availability, to include new farmers and more agricultural cooperatives, and to allow young farmers to take over their family's farm.

Fisheries

Along with forestry, agricultures and mining, fishing continues to be an important part of the Canadian economy, especially in rural and remote communities. Canada's Economic Action Plan provides \$200 million over two years to accelerate the repair and maintenance of Canada's core commercial fishing harbours, and an additional \$17 million to accelerate the construction of a small craft harbour in Pangnirtung, Nunavut.



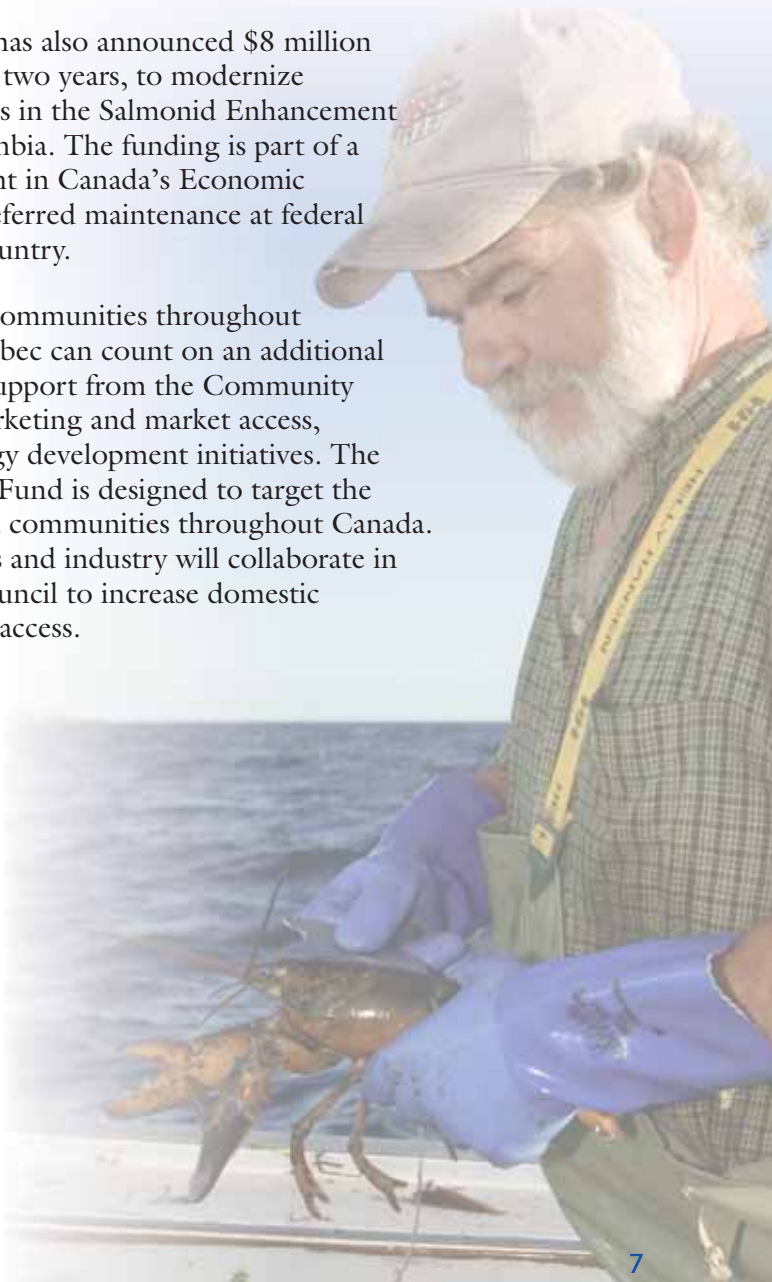


Seafood Fishing and Processing

The Business Development Bank of Canada provided \$9 million in a refinancing deal to a company which operates out of three sites in Newfoundland. The company's previous term lender, Glitnir Bank of Iceland, has been nationalized and is pulling out of the North American market.

The federal government has also announced \$8 million in funding, over the next two years, to modernize 33 facilities and hatcheries in the Salmonid Enhancement Program in British Columbia. The funding is part of a \$250-million commitment in Canada's Economic Action Plan to address deferred maintenance at federal laboratories across the country.

Hard-hit lobster fishing communities throughout Atlantic Canada and Quebec can count on an additional \$10 million in financial support from the Community Adjustment Fund for marketing and market access, innovation and technology development initiatives. The Community Adjustment Fund is designed to target the hardest-hit industries and communities throughout Canada. In addition, governments and industry will collaborate in a lobster development council to increase domestic and international market access.





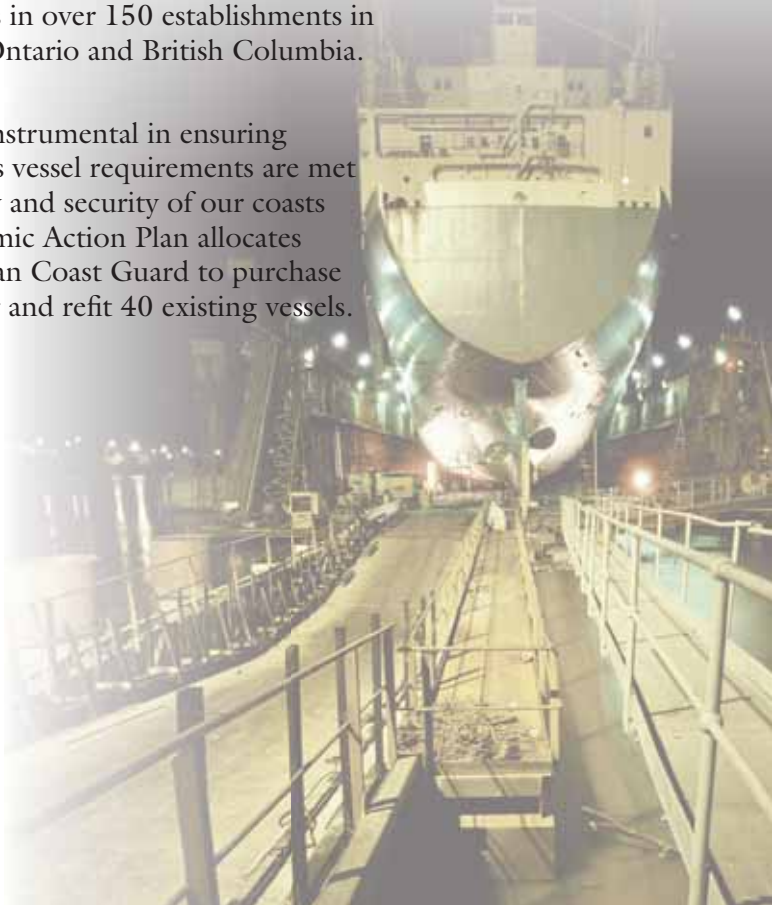
Small Craft Harbour Projects

- Work is underway at Rivière-au-Tonnerre in Quebec, where a wharf is being reconstructed. The \$1.95-million project will improve safety.
- Repair projects totalling \$515,000 to the Sointula harbour and the Queen Charlotte City harbour electrical system are currently underway in B.C. Contracts worth another \$1.9 million have been awarded for repairs at seven other B.C. harbours.
- Contracts are now in place to construct a 60-metre extension to the current 150-metre breakwater at Ochre Pit Cove harbour, on the north side of Conception Bay on Newfoundland's Avalon Peninsula. This \$1.2-million project will improve conditions and safety of the harbour.

Shipbuilding

Canada's shipbuilding sector has been a mainstay of our history as a seafaring nation bounded by three oceans. The industry employs Canadians in over 150 establishments in Atlantic Canada, Quebec, Ontario and British Columbia.

The shipbuilding sector is instrumental in ensuring the Canadian Coast Guard's vessel requirements are met in order to ensure the safety and security of our coasts and waterways. The Economic Action Plan allocates \$175 million to the Canadian Coast Guard to purchase 98 new vessels and to repair and refit 40 existing vessels.





Support for Communities

To thrive, our communities require ongoing renewal and investment so that they can continue to provide their residents with the best possible quality of life. The Government is investing more than \$2 billion over five years to help communities promote economic development and diversification initiatives to ensure that they remain attractive places to live and invest.

Help for Communities

- Canada's Economic Action Plan created the two-year \$1-billion Community Adjustment Fund to help lessen short-term job-loss impacts in smaller communities. Examples of projects to be supported include silviculture activities to help the forestry sector in Quebec and measures to assist lobster fishing in Atlantic Canada.
- To support economic development in Southern Ontario, where many communities are adjusting to the restructuring of the manufacturing sector, Canada's Economic Action Plan provides more than \$1 billion over five years for a new Southern Ontario development agency. The agency is being established and funding is expected to begin flowing this summer.

Canada's Economic Action Plan: Working for Canadians

Creating Jobs in Communities Across Canada

The Community Adjustment Fund will fund key projects to help create jobs and short-term stimulus in communities that are currently struggling and to help position them for long-term growth. Projects include:

- \$100 million over two years as the federal government's contribution to a federal-provincial agreement with the Province of Quebec. Projects that are part of this agreement will support reforestation in areas devastated by forest fires or insect infestation, facilitate the rehabilitation of a mixed forest, and improve the growing condition of plantations by thinning forests. These projects could create some 8,000 potential jobs in more than 10 Quebec regions, including Saguenay—Lac-Saint-Jean, Nord-du-Québec, Abitibi-Témiscamingue, Côte-Nord, Outaouais, Lanaudière, Laurentides, Mauricie, Québec, Bas-Saint-Laurent and Gaspésie.
- \$7 million over two years to support silviculture activities such as tree planting, thinning and site preparation in New Brunswick. It will also increase forest carbon storage capacity and protect the ecological and economic sustainability of the province's forests. Investments in these projects are expected to start this summer.
- \$10 million to support marketing and market access, innovation and technology development initiatives for lobster fishing communities in Atlantic Canada and Quebec.



For more information on Canada's Economic Action Plan, visit

WWW.ACTIONPLAN.GC.CA

or call

1 800 O-Canada (1-800-622-6232)

1-800-926-9105 (TTY)

