His Worship Fred Eisenberger  
Mayor of the City of Hamilton  
77 James Street North, Suite 230  
HAMILTON ON  L8R 2K3

Dear Mr. Mayor,

Thank you for your letter of November 15, 2007, advising me of the City of Hamilton’s motion endorsing an accelerated response to the 22 recommendations of the House of Commons Standing Committee on Industry, Science and Technology (INDU) with respect to manufacturing. I regret the delay in replying to you.

The Government of Canada tabled its comprehensive and overwhelmingly positive response to 21 of the 22 INDU recommendations in a report entitled *Manufacturing: Moving Forward—Rising to the Challenge*, on May 28, 2007. This response outlined specific measures that would benefit our manufacturing sector, including the two-year accelerated capital cost allowance (CCA) allowing manufacturers to write-off capital investments in machinery and equipment at an accelerated rate. Canadian manufacturers reacted positively to this response and confirmed that the government is addressing their short-term priority and longer-term competitive requirements.

The government continued to implement measures to support the manufacturing sector. In November 2007, we unveiled the details of our $33-billion Building Canada infrastructure plan, including $2.3 billion for trade-related infrastructure and $2.1 billion for gateways and corridors, of which at least $400 million will be set aside to support a new Windsor-Detroit crossing. As well, on January 10, 2008, the Prime Minister unveiled the Community Development Trust, an economic aid package totalling $1 billion aimed at supporting Canadian communities hit by economic upheaval.
Most recently, Budget 2008 outlined new and enhanced initiatives to further benefit manufacturers, such as:

- extending the accelerated CCA measure for an additional three years, as well as increasing the CCA rate for railway locomotives from 15 to 30 percent;
- providing an additional $90 million, for a total of $160 million, to extend the Targeted Initiative for Older Workers to 2012;
- introducing improvements to the Scientific Research and Experimental Development Tax Credit Program;
- providing $34 million per year for collaborative research that contributes to the knowledge and innovation needs of the automotive, manufacturing, forestry and fishing industries;
- investing $250 million over five years to support strategic, large-scale R&D projects in the automotive sector;
- improving Export Development Canada’s Exports Guarantee Program to assist small and medium-sized manufacturers in fulfilling export contracts;
- allocating $174 million over two years to increase security, minimize border delays and facilitate the movements of persons and goods, of which $75 million will ensure that the Canada Border Services Agency has the resources it needs to deliver efficient and secure border services at more that 1,200 domestic and international locations.

With the additional CCA measures introduced in Budget 2008, this government is providing over $9 billion in tax relief by 2012–2013 to manufacturers and processors though broad-based tax reductions.

We are continuing to identify and deliver on opportunities where the government can improve manufacturers’ ability to be more productive and innovative in order to succeed.

Thank you again for informing me of the resolution passed by your Council in support of the Canadian manufacturing sector.

Sincerely,

The Honourable Jim Prentice, P.C., Q.C., M.P.