

Customs Tariff

large, the industry thinks this is a good bill. That is, the producers think this is a good bill and an improvement over what we had. I am sure they do not regard it as perfect but they think of it as a distinct and important improvement.

The two members opposite have been talking about two different things, I believe, and the subjects need to be separated. One is the season application of these tariffs and the definition of a season when they do not apply, and the minimum period that has been instituted in each case. The other is the emergency surtax situation. The rules are somewhat different for the two. The seasonal aspect is the basic part of the bill.

● (1540)

In most cases the minimum period for free or near-free entry has been enlarged. Within that enlargement there is full discretion as to when that applies in any given year, not only nationally but regionally. The minimum period can in fact be lengthened if the production pattern in Canada in a given region makes that desirable.

The Minister of Agriculture has a very big part in this. In a formal sense, the seasonal declaration for any given area or product is made by the Minister of National Revenue, but the Minister of Agriculture is the chief adviser. My information is that by and large there has not been any criticism of how this seasonal declaration has been made. It has been reasonably acceptable. When we get to the surtax situation there is more room for debate and questioning. In this area the government did not follow exactly what the Tariff Board had recommended. The feeling is that they did rather better than what the tariff board had recommended.

It might be useful information about that if I could give some specific because the hon. member for Essex-Windsor raised this question the other day about why it is not automatic and how long it takes. The modified system adopted by the government, which as the hon. member for Okanagan North just mentioned was announced by the Minister of Agriculture on October 22, is based on the tariff board proposal, although it is not exactly the same. The board had proposed a fully automatic surtax for only ten products. For other horticultural products it recommended a revamping of existing procedures and a time limit of 20 days for dealing with requests for emergency surtax. Instead of an automatic surtax for the ten products named by the board, the government has decided on a semi-automatic system based on trigger prices, very similar to those proposed by the board.

A fully automatic system would have posed a number of problems and disadvantages. In the first place it would seriously impair trade relations with the United States and it could place in jeopardy some important U.S. concessions obtained in the multi-lateral trade negotiations. The United States has already indicated concern that the modified system announced on October 22 may be applied in an automatic way. U.S. representatives had earlier made it clear to us that they would regard the system proposed by the board to be contrary to Canada's GATT obligations.

[Mr. Ritchie (York East).]

A second point is that the use of strict arithmetic formula to impose surtaxes with no regard to the situation in the market could lead to a very arbitrary result which could work to the disadvantage of consumers in some instances, and of producers in other instances. The risk of this happening is heightened by the fact that we do not have a data base sufficiently detailed to implement the system exactly as proposed by the board.

If we instituted a system based on a rigid arithmetic formula it would be very difficult to persuade either our trading partners or consumers that a surtax in excess of that generated by the formula might be necessary to prevent serious injury to domestic producers in certain circumstances.

It is the belief of the government that the procedures announced by the Minister of Agriculture will give us the main benefit of the board's proposal; that is to say, speed of application without its main drawbacks.

The hon. member for Mission-Port Moody also asked a specific question about the value on which the duty is levied. That value is the import value and in effect the import cost; therefore, it is essentially the U.S. price.

Mr. Nystrom: Mr. Chairman, I want to make a few comments more in the terms of a representation than a series of questions.

First of all, I agree with the parliamentary secretary when he said the producers are generally pleased with the tariff revisions that are being made in this bill. My communication with them is the same as his, that is to say, they are pleased with the revisions. But a lot of producers would have liked to see the revisions go a bit further. My opinion—and it is only my opinion—is that I think we are a little too cautious when we come to GATT. I think we are a little too concerned about being free and open traders. I am not talking about building huge tariff walls or anything of that sort, but I want to remind the House that historically in Canada the average agriculture tariff has been 1 per cent or less. That is a very low tariff when compared to tariffs in other countries or tariffs for other goods in our own country.

I believe the producers in Canada need more protection than has been given to them in the past. I make that representation to the parliamentary secretary based on many conversations that I have had with producers, horticulturalists and producers of other commodities from one end of this country to the other. As a nation and as a people, when we talk about farm production one of our objectives must be to strive toward the goal of self-sufficiency. Many people ask what we mean by that. People say that we produce a lot of food in this country, that we have a lot of land, that we are capable of production and so on, but I want to tell the parliamentary secretary that according to the Department of Agriculture, if we take away grains and oil seeds, in 1978 our net deficit in the production of food was about \$1.6 billion to \$1.8 billion. That is if you take away grains and oil seeds.

Mr. Blenkarn: Why do you do that?