

Automotive Agreement

and Commerce (Mr. Gray) has before him at the present time a proposed order in council that would grant to the Ford Motor Company an unconditional remission of duties for the next five years. Whether or not this is true, and whether or not it would be a justifiable measure, is not as important as the fact that such an order in council is a possibility. One can readily understand the industry concern based on lack of knowledge of the full reason behind past actions.

Let me explain what led to the putting of this motion on the order paper. About a year ago I was invited to a meeting of the Automotive Parts Manufacturers' Association, along with several other members. I had no particular constituency interest in automotive parts manufacture, but I went along because I had no great knowledge of the agreement that had been signed in 1965 concerning automotive products, and I thought I would learn something. At that meeting one of the members of the association expressed his concern that there was no publication of the orders in council which dealt with the remission of duties under this agreement, and I questioned him at the time. I felt that, after all, these orders in council are published in *The Canada Gazette* and therefore in the public domain. He pointed out that because of the volume of material which goes through, and that obviously these are not starred for any particular industry they are, by their very nature, very well concealed.

The complaint at that time was that they were not able to get from the officials of the Department of Industry, Trade and Commerce the details which they wanted, which they felt they needed, in order to judge whether or not the actions of the government in issuing these orders in council were rational.

I must admit that I felt the subject should be aired. So upon returning to the House, I put this motion on the order paper. It was short-lived in the last Parliament and it never reached the point where the papers could be produced by the government. Therefore, in this particular Parliament when the item was brought up, the government indicated that the orders in council were too voluminous and accordingly it was not a particularly practical matter to table them. In fact the reply, as I recall, and I will read it is: "The documents are very voluminous and would require a lot of time and a lot of public funds to prepare." I called for the item to be transferred for debate at that time because, once again, if we had said that "we understand", and I do understand, we would still be in the same position of not really being aware of what had been done in the intervening years since 1965.

● (1720)

As a result of the calling of this motion today, I have had meetings with the officials of the Department of Industry, Trade and Commerce and have reviewed with them the 115 orders in council which have been passed in the intervening 15 years. They made interesting reading. I have several copies with me. Of those 115 orders in council, 67 were passed to take care of companies that were not in existence in 1965 and, therefore, could not benefit from the agreement. Of those 67, 35 companies are still operational.

There were many other reasons, which I do not intend to review here, for the other orders in council. All of them were perfectly logical and, from my point of view as a member of Parliament, perfectly acceptable. What was abundantly apparent was that the information which I was receiving was obviously not in the hands of the members of the Automobile Parts Manufacturers' Association of Canada with whom I had met about a year ago. Hence, they have anxiety about what has been done and what could be done.

Canada's automotive trade deficit with the United States escalated sharply last year, 1979, to over \$3 billion from a 1978 deficit of around \$600 million. There was a substantial increase in the deficit on parts trade. The Science Council report is critical of the less than adequate support from the Canadian government for increases in parts production and engineering in Canada by U.S. automobile subsidiaries. However, the report supported the federal duty remission scheme whereby overseas automobile producers can obtain lower duties by placing more parts orders in Canada. In Canada we have an annual market of about one million automobiles and about one-third of a million commercial vehicles. However, the Canadian industry performs virtually no design research or development work.

I want to refer to the inquiry into the automotive industry which was published in October, 1978. The commissioner was Simon Reisman. I want to refer to some of the comments which pertain to the matter under discussion today, specifically that almost all the actual or perceived problems for Canada in the automotive industry flow from the absence from Canada of any decision making or other head office functions, the lack of significant design, research or development activities, a weak machinery and equipment support industry, and constant danger of inadequate investment.

The inquiry also stated that apart from the addition of snowmobiles and off-highway vehicles where inadvertence rather than policy dictated change, the agreement to which I referred to stands as original negotiated. Incidentally, among the 115 orders in council to which I have referred are those orders in council dealing specifically with snowmobiles and off-highway vehicles.

From the recommendations of this inquiry of Simon Reisman, I want to make reference to five items. I quote:

The commission does not believe that this is a good time to attempt to re-negotiate the Auto Pact with the U.S. Government. The commission recommends, therefore, that the safeguards under the agreement, namely the assembly ratio, the CVA requirement and the "bogey", as well as the prohibition on imports of used cars and the restriction of duty-free imports to designated manufacturers, not be modified at the present time—

The commission recommends that a tariff provision be introduced for duty-free import of materials to be used in the production of Canadian automotive parts and accessories. This would take the form of a special end-use item along the lines of similar tariff items now available for the agricultural implements industry and certain other industries. This will enable auto parts producers to obtain their requirements at world competitive prices.

A recommendation of the commission proposed that an advisory body be established to conduct an annual review of developments pertaining to the automotive industry. The commission recommended that this body also be charged with the