

*Customs Tariff*

declaration were obtained after the commencement of manufacture, under what section would these articles then be in the tariff schedule?

**Mr. Fleming (Eglinton):** The rates?

**Mr. Benidickson:** The minister said that the items would go out of this section.

**Mr. Fleming (Eglinton):** The British preferential rate?

**Mr. Benidickson:** I do not think they go out. I think they are probably covered.

**Mr. Fleming (Eglinton):** The most favoured nation rate will be 17½ per cent then.

**Mr. Regier:** I should like an explanation of a matter raised by the hon. member for Essex West and replied to by the minister. If these parts are not made in Canada I can understand that by reducing the tariff on them we enable the Canadian manufacturer to be more competitive when he attempts to dispose of his end product. However, if these parts are already imported into Canada, not being made in Canada, as a result of this amendment how would a manufacturer increase the Canadian content in his automobile?

**Mr. Fleming (Eglinton):** The reference made by the hon. member for Essex West was to point out how this affects the finished product, not how it affects the imported article; because presumably there is no Canadian or commonwealth content in the part that is imported. He had reference to the Canadian or commonwealth content as applied to the finished product; therefore where it becomes a matter of measuring the Canadian or commonwealth content of the finished product it means that the other components in the finished product must make up the extent to which this particular component is not of commonwealth or Canadian content.

**Mr. Regier:** The minister has not yet answered my question. If these reclining seat mechanisms, swivel seat mechanisms and so on were imported before and importation is now being made a little easier by reducing the tariff as long as they are not manufactured in Canada, how then is the manufacturer under an obligation to increase his Canadian content in the completed automobile or truck?

**Mr. Fleming (Eglinton):** Mr. Chairman, in the case of the parts or mechanisms referred to in (a), this, as I pointed out, creates free entry for those so described when of a class or kind not made in Canada when imported by a Canadian automobile manufacturer who achieves a specified commonwealth content which in general in this respect is 60 per cent. I point out that due weight must be given to

[Mr. Benidickson.]

the words "of a class or kind not made in Canada" as applied to the change now before us.

**Mr. Benidickson:** We are dealing, of course, with just one alphabetical subsection of general item 438 of the tariff schedule. We are dealing with 438c, and I take it that item 438a deals with an entire automobile. Item 438a deals with importing an entire automobile, and I think we would be interested in relating the tariff rates on a complete unit to the rates that would apply to the importation of a part such as those referred to in clause 3 of the bill. If we are dealing with the importation of a completed automobile there would be free entry from a British commonwealth country, whereas the rate from the United States would be 17½ per cent plus, of course, the sales tax of 11 per cent. That would apply in each case, would it not?

**Mr. Fleming (Eglinton):** Yes, the tariff rates quoted by the hon. member are correct.

**Mr. Benidickson:** Would the minister indicate what tariff is imposed against the importation of a Canadian automobile into the United Kingdom or into the United States? What would be the rates against a Canadian automobile or a part such as those referred to in this clause if imported into the United Kingdom or the United States?

**Mr. Fleming (Eglinton):** This goes quite outside the scope of this matter. I wish to be as obliging as I can when information is requested, but this is obviously outside the scope of the bill. I am not going to attempt to do more than give my friend an answer from memory on this point. I understand that the United Kingdom tariff rate under such circumstances is 20 per cent and the United States rate is, I think, 8.5 per cent.

**Mr. Benidickson:** That pertains to parts?

**Mr. Fleming (Eglinton):** That is my recollection; again I am speaking only from memory. I wish that clearly understood.

**Mr. Benidickson:** I thank the minister, but on the point of order I do not want him to indicate to the committee that this is anything in the nature of a favour. We are asked here, under clause 3, to make certain changes to our Customs Act. I say it is an appropriate question, when we are asked to amend our tariff schedule with respect to the United Kingdom, with respect to the United States and with respect to countries that are not under treaty as most favoured nations, to ask what, in return, are their tariff rates; and the minister should not indicate that it is a concession to give the information to the committee. In so far as the proviso about which he is speaking from memory is concerned, certainly