

Customs Tariff

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Mr. Althouse: On division.

Motions agreed to, Bills C-67 and C-68 read the second time and referred to a legislative committee.

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● (1520)

[Translation]

CUSTOMS TARIFF

MEASURE TO AMEND

Hon. Jake Epp (for the Minister of Finance) moved that Bill C-71, an Act to amend the Customs Tariff, be now read the second time and referred to a legislative committee.

Mr. Claude Lanthier (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I have the honour today of presenting before the House Bill C-71, whose purpose is to implement the amendments to the Customs Tariff as they appear in the Ways and Means Motion to amend the Customs Tariff tabled on May 23 of this year as part of the Budget Papers.

We believe that before outlining the main points of this legislation, it would be useful to review some aspects of the present state of international exchanges that guided some of the Government's decisions when preparing the tariff measures included in last May's Budget.

The marked protectionist trend typical of international exchanges today demands our serious attention, since protectionism is a direct threat to the trading system and to the general prospects for Canada's economic growth.

Canada is tremendously dependent on international markets because of the limited size of our domestic market. In fact, exports represent about 30 per cent of our gross national product. It is therefore vital that Canada see to it that the invasive protectionism practised by our neighbours is countered both by our country and other countries.

The Canadian Government has made a commitment towards maintaining a very open system of multilateral exchanges. Thus, we are supporting the official launching of a new series of multilateral trade negotiations in the near future, and we have defended this initiative, both at the meeting of Ministers of the Organization of Economic Co-operation and Development and at the Bonn summit. According to Canada, it is the best way to defeat the present protectionist trend and to ensure that international exchanges, which are so important to the growth of our Canadian economy, will continue to make a positive contribution to the daily well-being of Canadians.

Furthermore, we are also involved in seeking more secure trading relations with our principal trading partner, the United States of America. At the Quebec summit, our valiant Prime Minister of Canada (Mr. Mulroney) and the President of the United States (Mr. Reagan) decided, among other trading initiatives, to put an end to protectionism in the exchange of goods and services between our two countries. The Budget Papers explain how Canada followed up on this commitment. The Government has refrained from making a number of increases in most favoured nation tariff rates which it had been asked to implement.

Granted, these decisions may have disappointed some sectors of our economy which find it difficult to compete abroad if they cannot benefit from the umbrella of additional tariff protection, but our Government is convinced that it must be prepared to act according to its deepest convictions, in other words, that a more open system of multilateral exchanges and more secure trading relations with the United States are indispensable in the long term to sustained economic growth in Canada. It is of course unjustifiable to take protectionist measures, especially the kind that might have harmed other Canadian manufacturers.

We also want to deal with the provisions of Bill C-71 concerning the amendments we want to make to the Customs Tariff, for those amendments are in response to a wide variety of situations. As a result we will implement a series of measures designed to benefit specific sectors of the Canadian economy; they will also enable Canada to meet certain international commitments and, in some cases, rationalize the administration of the Customs Tariff.

To implement some of the recommendations made by the federal task force on Canada's car and car parts industries, and within the context of recent developments in the car industry and of representations made to our Government, Bill C-71 provides that, as of May 24 last, car parts from developing countries are allowed into this country at two-thirds the most-favoured-nation tariff. Cars and other vehicles from those underprivileged countries will continue to come in duty free until January 1, 1987, when they will be subject to 6 per cent of the general preferential tariff.

In that respect, we should remember that the manufacturer of the famous Pony, Hyundai of Korea which has been quite successful on the Canadian market in general, and particularly in Quebec, is about to adopt an investment and purchase policy likely to boost the Canadian car industry. In our opinion, it is important to encourage Koreans in that sector. We hope that foreign manufacturers and governments will keep such decisions in mind, as well as those which will eventually be made by Canada.

In addition, the proposed Bill contains three provisions to implement the recommendations of Tariff Board reference item 162 related to specific points concerning spun yarns and worsted and carded wool fabrics. Specific measures will be