

*Adjournment Debate*

Finally we are not at all sure that the signatories to the multifibre agreement will agree to put the textile and garment trade back under standard GATT regulations.

Canadian textile producers will face a challenge if ever the multifibre agreement falls apart.

In Europe for example, according to *Le Figaro* of October 27, 1989, there is some talk of returning world textile and garment trade under stricter GATT regulations concerning such things as export subsidies, dumping practices, or trade mark and design piracy.

The article also refers to the fact that new cases of unfair practices are uncovered daily.

Finally, Mr. Speaker, with respect to the current Geneva negotiations, I should like to hear from the minister what is the government position concerning stricter GATT regulations, and does the government intend to harmonize these discussions with the position of the European Economic Community?

[English]

**Mr. Bill Kempling (Parliamentary Secretary to Minister of Employment and Immigration):** Mr. Speaker, I am pleased to have this opportunity to respond to the question raised by the hon. member for Drummond both here this evening and in the House on May 24 last year regarding the investigation by officials of Revenue Canada and External Affairs into the trans-shipment of Korean polyester filament fabric through Japan.

As the hon. member knows, seven companies in Montreal and two in Toronto were charged under Section 17 of the Export and Import Permits Act. That section deals with furnishing false or misleading information to obtain an import permit. These cases are currently before the courts so I am unable to comment on the specifics of those cases.

These companies were charged based on evidence seized during raids on the offices of a number of textile importing companies in March of last year. The Special Trade Relations Bureau of External Affairs and International Trade Canada has been investigating the alleged circumvention of the Canada-Korea textile restraint agreement for the past two years. It was alleged that the Korean mills had been shipping finished polyester fabric to shell companies in Japan. These companies would then ship the fabrics to Canada with documentation

stating that the goods were of Japanese origin. Documents seized in the raid confirmed these allegations and enough evidence was gathered to lay charges.

Since the laying of charges last year, we have imposed additional documentation requirements in support of applications for import permits for a range of man-made fabrics sourced from a number of countries, including Japan. These applications must now be accompanied by a certificate of origin issued by a competent authority in the exporting country or a mill certificate endorsed by the manufacturing mill.

Departmental officials met with Japanese officials last June in order to tighten up the certification of origin system to prevent further occurrences of such trans-shipments.

There have also been two rounds of consultation with Korean officials in order to negotiate compensation for the circumvention of our bilateral agreement. It appears that the Koreans are prepared to provide some compensation in terms of future quota. We are currently preparing further information and a third and hopeful final round of consultation is anticipated later this year. It appears the Koreans are anticipating the results of these consultations as they are yet to fully allocate the 1990 polyester fabric quota to their exporters.

We consider this to be a serious breach of our bilateral restraint with Korea and we intend to seek full compensation. Officials continue to monitor imports of textiles and clothing from all sources and action is taken quickly if trans-shipment or circumvention is suspected.

• (1910)

GOODS AND SERVICES TAX

**Mr. Jack Iyerak Anawak (Nunatsiaq):** Mr. Speaker, I am pleased to take this opportunity to return to the subject of the goods and services tax. I want to remind the government again how harmful this tax will be to northerners.

On February 19, I asked the Minister of Finance in the House of Commons to exempt northerners from this unfair tax. My question to the minister dealt with the high cost of living in the north, and I cited as examples the cost of some basic groceries in Clyde River, a community on Baffin Island in my constituency.