

Senator LEONARD: Does your industry, Mr. Simpson, run into what seems to you to be dumping, but which is not easy to define as dumping, under the present tariff regulations?

Mr. SIMPSON: Very definitely, Senator Leonard. We know and I say this advisedly, and I think perhaps the department knows, but to tie dumping down is very difficult. We know for example that prices on heavy equipment which have been quoted here have been less than have been indicated to us in the country of origin and this of course constitutes dumping, but knowing this and even seeing it in articles in the foreign press is one thing and to have specific information on an order, a tender, and the figures to permit you to prove it is quite another. This has been one of our difficulties. This sets a low yardstick of price and the reason the imports are not larger is that the Canadian manufacturers have attempted at the sacrifice of profit to meet these prices to keep them out. Dumping is one of the hardest things to assess, and the Department of National Revenue do their best within existing regulations to spot it, but it is a very difficult administrative problem.

Senator SMITH (*Queens-Shelburne*): Mr. Chairman, I wonder while we are on this subject whether someone would like to add a little comment to the rather short paragraph which describes an adjustment in individual tariff rates not being as urgent as a review of the many end-use purposes that have been granted from time to time. I am a little puzzled as to what kind of imports of capital equipment come under this privilege.

Mr. SIMPSON: These are used in many industries. These privileges were very necessary in years gone by. This is a process which has been going on over 40 years in time. They were originally created to open up our natural resources and because someone would spend the money to do so they were permitted to bring in their capital equipment duty-free or at a very low rate of duty. This was fine. But all of these things have grown like Topsy. Every time we start new oil wells they bring in drilling rigs and so on, with the necessary equipment attached. This applies to gold mines, metallurgical processes, smelting, the processing of Labrador iron ore, and so on, and each of these gets a special concession on end-use privilege basis. The equipment they use comes in duty-free or at low rates. Some years ago before the Tariff Board we were defeated on the subject of attached electrical motors. The Department of National Revenue used to break the entry down into a motor and a machine, each of which is covered by the tariff. However, the Tariff Board declared that a motor attached to a machine of a class or kind not made in Canada was a component part of the machine, and so we lost our protection under that tariff item. As I said, the bringing in of special equipment under these end-use tariff items, equipment to be used in the development of our natural resources, is something that has been going on for over 40 years and none of them has ever been rescinded, and they stand on the books today, and when electrical equipment and controls and so on come in attached to these pieces of equipment—and remember that the companies that are opening up these resource developments have known this for many years, our situation is made doubly worse by the fact that they contact a firm in the United States or the United Kingdom and they order this equipment with attached electrical equipment. Oftentimes we do not even know that they are in the market to purchase because knowing that they have this concession they just bring it in and the manufacturers in this country never even hear of it. These are the end-use privileges and these circumvent the regular tariff items. Transformers and motors which are all covered by individual tariff items, if they come under this end-use privilege come in free or at very low rates of duty and we never hear about them. If they were to come in under their own tariff item we would hear about it right away.