

Customs Tariff

vacuum tubes in that plant. Their job was to receive bulk shipments of the vacuum tubes that Canadians used to produce. Their job was to unpack the tubes from the bulk cartons and repack them in cartons that were stamped "Made in Canada".

Mr. Heap: That is disgusting.

Mr. Young: The cartons with the vacuum tubes which were produced offshore went into stores and Canadians bought them thinking they were buying made in Canada products.

Mr. Heap: Is that not illegal?

Mr. Young: I thought it was illegal, and when we caught onto it, we went after the Government of the day, making the argument that some 600 Canadian jobs had been lost as a result of this multinational corporation which, by the way, had profited quite handsomely over the years by being allowed to exploit the Canadian market-place by selling these tubes. We told the Government this did not look right to us and asked it to investigate. It took months to persuade the Government of the day that perhaps it should be doing something about it, so we went after the parent company. It was told that at the very least this smells of deceptive advertising, that it cannot have a tube made in Japan in a carton printed and stamped "Made in Canada" going onto store shelves where Canadians think they are buying Canadian products and in doing so they are contributing to the Canadian economy and are helping to create employment for Canadians.

• (1610)

Finally, the multinational company decided this could be an embarrassing situation. What it ended up doing was to have the 30 or so workers in this plant grind off the stamp "Made in Japan". There was then no country of origin on the tube and it would then go into the "Made in Canada" package.

Mr. Blaikie: Was the package made in Canada?

Mr. Young: That is another interesting point. I remember the story about the Japanese producer who decided to form a company town and call it Ontario. That company produced a product made in Ontario but it forgot to mention that this Ontario happened to be in Japan, not in Canada.

When John Saul raised these very serious concerns, I understand that people involved in the free trade negotiations were not even aware of this gaping loophole. Therefore, I highly recommend that the House seriously consider the amendment put forward by the Hon. Member for Ottawa Centre. Even though certain weaknesses would remain in the legislation, it would at least close that one gaping loophole and we would all be better off for it.

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I had the opportunity to join the Standing Committee on External Affairs and International Trade last week when it went to western Canada. I was in Edmonton when Mr. John

Ralston Saul made his presentation, which was identical to the article that appeared in *The Globe and Mail*, and I can tell you that I think all members of the committee were concerned as to whether or not there was a gaping hole in the trade agreement. Despite what one might otherwise think of the agreement, and obviously members of the committee quite strongly disagree with each other as to its over-all wisdom, all Members were concerned about this accusation.

Some of us argued that we should have Mr. Reisman and/or Mr. Ritchie appear before the committee immediately to answer these charges. We were unable to bring that about but we received a communication from the office of the trade negotiators and Mr. Ritchie to the effect that they had taken this matter into account, giving us a number of reassurances in that regard. I do not find those reassurances particularly all that reassuring, I might say, but to be fair, the negotiators claim to be on top of it. Of course, the question is whether or not you can ever be on top of this kind of situation when unscrupulous manufacturers and distributors have available to them the kind of procedures just described by the Hon. Member for Beaches (Mr. Young). There is also the question of even if we have rules of origin which allegedly cover products from this Mexican free trade zone, would Canada not be required to have a rather financially burdensome army of inspectors at the border and elsewhere in order to make sure that the increasing number of goods produced in that zone are not coming into Canada as American goods?

As I understand it, one of the features of the agreement between Mexico and the U.S. is that these goods will be considered as American goods in a way that other goods coming from other countries into the U.S. and going out again are not. It is in the very nature of the agreement between the U.S. and Mexico that these goods will not be as distinguishable as other goods coming from third countries.

I see the Secretary of State for External Affairs (Mr. Clark) is here. Even though we may disagree on the trade agreement *per se*, I hope the Government is making sure that the negotiators are covering this concern in the last minute negotiations which we know are going on at this time.

Mr. Saul's presentation dealt with the Mexican free trade zone, but he also dealt with some of the issues implicit in the kind of agreement we are now about to enter into with the U.S. as a result of the Prime Minister's intention to sign an agreement with President Reagan on January 2. In doing so, he dealt with the whole notion of competition in a way which is not articulated often enough in this House. I would like to quote not at great length but to a certain extent from the article. He says:

The word "competition" is used enthusiastically by those in favour of North American economic integration, as though there existed one universally accepted definition. In reality, each country understands something quite different by competition. And when intelligent agreements are struck to remove tariffs between countries, they are invariably based upon a prior agreement covering the nature of competition; in particular, the standardization of social policy.