

*The Budget—Hon. D. M. Fleming*

I should perhaps add that, as the house knows, I received from the tariff board a few weeks ago one further report on textiles relating to hosiery and knitted goods, and within the textile field the tariff board has still to report on a miscellaneous group of products including woollen clothing, hats and caps, coated fabrics, laces and embroideries. Negotiations on these products will be undertaken in due course. Negotiations will also be undertaken in relation to the tariff on record changers on which I have also received a report from the board recently.

The negotiations related to the textile tariff changes proposed tonight were undertaken with seven of the other contracting parties to the general agreement on tariffs and trade, specifically the United States, the United Kingdom, France, Italy, Benelux, Japan and Peru. In addition, consultations with other countries were required under GATT procedures. I am happy to be able to announce that all the necessary negotiations and consultations with all of these countries have been successfully completed.

As the house is already aware, tariff board recommendations often, perhaps usually, include proposals for both increases and decreases in rates of duty. Sometimes it is found in the subsequent negotiations that the other countries concerned are ready to accept the proposed decreases as full compensation for the proposed increases in our tariffs against them. However, in the case of the particular group of textile tariff items negotiated on this occasion, it was found that the increases, of which the most important relates to coloured cotton fabrics, somewhat over-balanced the decreases. Hence, in order to conclude negotiations, we found it necessary to reduce about a score of Canadian tariff rates on items outside the textile field. The implication of this is that the Canadian textile industry is receiving some additional protection, as proposed by the tariff board, but that this is being matched by some reductions of tariffs in other fields. Some of these reductions were requested by Canadian industry while others involve quite small reductions from relatively high rates of duty which should not damage the industries affected.

I mentioned earlier that there were four resolutions relating to textiles and textile negotiations. Much the most important of these covers the substance of our textile negotiations including the additional items outside the textile field to which I have just referred. A second contains changes that are merely matters of form. A third provides for a much-needed definition of "man-made fibres"; this is a technical proposal put forward by the tariff board. A fourth resolution

amends an existing drawback item relating to textiles. I should also add that, again in conformity with the board's recommendations, some temporary items established in past years by order in council are being revoked forthwith, while others will be permitted to expire on June 30 of this year.

Two further resolutions cover miscellaneous tariff changes, of which there are 15. This is an unusually small number and I should explain that this year, in considering requests for tariff alterations, we had very much in mind the fact that in the autumn an important round of tariff negotiations under GATT will be initiated. In a good many cases we decided that it would be imprudent to take action on the Canadian tariff in advance of these negotiations. Many of the proposals that have been put to us during the past year for changes in tariff rates may find some place in the forthcoming negotiations.

In these two resolutions covering miscellaneous changes, the only alterations to which I might call attention are those relating to instant potatoes and seismograph bits. Production in Canada of both these items has only recently commenced, and it is proposed to provide for modest rates of duty.

The six resolutions together propose changes in 123 tariff items. Of these changes 20 are purely formal; they simply involve the renumbering of existing items as a matter of convenience. A further 49 involve changes in nomenclature without alteration in the rates of duty. Sixteen involve increases in the rates of duty that will be payable, while 38 involve decreases. As on earlier occasions, I should warn that these bare statistics are not very revealing or conclusive, but they do serve to indicate the general balance and moderation with which this government is approaching tariff matters.

As I said earlier, I am planning some new references to the tariff board. In doing so it is of course necessary to take into account the work which is already before the board. This includes, in addition to a substantial number of appeals, the remaining parts of the textile reference, a reference respecting electronic items and, most important, the very substantial reference embracing virtually the whole field of chemicals. Obviously, with such an agenda already before it, we cannot ask the board to take on much more. However, there is one section of the tariff which, on the basis of representations that have been made to me, I am convinced requires the attention of the board at a fairly early date. This is a series made up of so-called end use items which provide special rates of duty for machinery and equipment