

*Adjournment Debate*

thousands of jobs over the decade. Since that time I placed some ads in the classified columns of several newspapers and I have been soliciting information from ordinary citizens about the export practices of branch plants, or companies which are licensed by American or other foreign firms.

I asked specifically about a case with respect to a licence agreement between Nelson Industries Inc. of Wisconsin in the United States and Nelson Muffler Canada, Inc., which is established at Burks Fall, Ontario. I ask about this company because in the licencing agreement that I have here, Mr. Speaker, I find a number of clauses which really make me shiver as a Canadian patriot. I find, for example, on page 4, section 3, a clause entitled "Rights outside Territory". It says:

● (1810)

The rights granted to Licensee—

Which is of course the Canadian plant.

—under paragraph II shall not be construed to include any of the rights or licences outside of (Canada) except as may be arranged in writing between the parties hereto.

In other words, they cannot export anywhere outside Canada unless they have it in writing from the U.S. firm. This, as I said, was a licence agreement in mid-1982 between two firms which manufacture things such as mufflers and exhaust systems. I find it to be a real attack on Canadian sovereignty when a plant in Canada cannot export without the written consent of the head office in the U.S.

There is another clause which I am sure you, as a Canadian, will find scandalous, Mr. Speaker, the "trade prohibition clause". It says:

Without limiting the generality of any provisions in this Agreement restricting the grant of any right or privilege to a specified territory, Licensee—

Which is the Canadian plant.

—may not without prior written consent of Licensor—

That is the American office.

—sell, directly or indirectly, the Products for export to a place or person located within any nation, or to any territory or purchaser to which shipments may be prohibited by the United States Government without such consent.

It is understood that the Licensor's—

That is the American company.

—power to give consent to such sales is limited by the United States Government and that in some cases Licensor will be forbidden to give such consent.

That Clause says that in some cases, even if we did find a market elsewhere in the world for these exhaust systems or mufflers, and even if the U.S. company which granted a licence were to concur, it may not concur in some cases because it would be a country to which United States firms cannot export. I find that to be a real violation of our sovereignty because we are an independent state and in such a case American law could prohibit export of a Canadian product produced in a Canadian plant. I find that wrong.

One does not have much time in these proceedings, Mr. Speaker, but I want to refer the House to the 1972 study on foreign direct investment in Canada. It refers to the problems of branch plants and the problems of licencing arrangements. I think everyone here knows that we are talking about a licensee

which manufactures. The report says on page 168 that a number of licencing arrangements were studied and it was found in 1972 that the export limitations of licenced plants was very, very high. Of the ones studied it was found that only 5 per cent had no export limitations at all. Only 5 per cent could export anywhere they wanted to in the world. It was found that 58 per cent were licenced to produce for Canada and Canada only, and that 18 per cent were licenced for Canada and the U.S. In other words, only 5 per cent could export wherever they wished to.

It is also pointed out in the report, Mr. Speaker, that these are arm's length licencing arrangements between supposed Canadian firms and lead offices in the United States, although I think we all know that in the specific case, it is almost like any other branch plant, Canadian in name only; in reality it is totally dictated to by the head office in the U.S.

The report also refers to licencing arrangements between parent companies and Canadian subsidiaries. It goes on to talk about all of the restrictions on trade, such as the limitation on plant size, the licence not giving them a mandate to export, and so on.

● (1815)

I want the Government to tell us whether it will do something to make sure that Canadian subsidiaries, plants that are licensed, will act as Canadians and respect our sovereignty as Canadians. We want to increase Canadian jobs and create wealth and productivity in the nation.

I also want the Government to release the studies that have been referred to in the report, as well as a Cabinet document released in the summer of 1980 in which the then Minister of Industry called for action to break down some of the barriers in the branch-plant system when it comes to export. So far the Government has not made those documents public, but I think we need them in order to have a useful debate on this matter.

No other sovereign nation in the world would tolerate this kind of foreign domination, or the taking away of their nationhood. I do not know why we have not grown up and asserted ourselves as have our friends in the United States, in Japan or any country in Europe.

During an election campaign, in 1980 the Government promised to expand FIRA in order to make sure that all foreign expansion in this country was screened and would be of significant benefit to Canadians. The Government campaigned on that promise, but after three years it has not delivered. It knows that foreign ownership has cost us jobs and made us poor. This has been shown in many studies. I should like to know why the Government has failed to act, and I am sure all Canadians would like an answer to that question.

This report pointed out that 81 per cent of all foreign expansion in the 1960s was funded from Canadian sources and only 19 per cent was funded from foreign sources. In other words, we are financing foreign expansion in this country with our own money. It is about time we stopped that, showed that