

Customs Tariff

in Canada they will come in duty free for the manufacturer of an automobile made in Canada. The next step would be that if at some future date someone started to make these items in Canada the duty would be 17½ per cent and not 25 per cent by reason of putting them into this schedule. Is that correct?

Mr. Fleming (Eglinton): That is right only in part. There is provision for the following rates: British preferential, free; most favoured nation, 17½ per cent; general tariff, 30 per cent. That applies with respect to some of the items within the description contained in item 438c of the tariff, but only with respect to some.

Mr. Benidickson: Yes, I see a general tariff rate of 30 per cent. We are not importing these particular items under either the British preferential tariff or the general tariff, are we, inasmuch as we manufacture automobiles of the type manufactured in the United States?

Mr. Fleming (Eglinton): Nearly all of these come from the United States. They are imported in small volume and are required now in connection with 1960 production programs.

Mr. Benidickson: Could I ask the minister another question. Has this change in tariff any relationship whatsoever to his negotiations with any country signatory to GATT in consequence of the government's decision to increase textile tariffs and its obligation to make some concessions elsewhere in the tariff schedule?

Mr. Fleming (Eglinton): No, Mr. Chairman, this change was made entirely at the request of the Canadian automotive chamber of commerce and the Canadian automotive parts manufacturers.

Mr. Martin (Essex East): I do not think I have misunderstood the situation. I am not satisfied that the interpretation I have placed on this section is not correct in the light of administrative practice. I am certainly not satisfied that the matter of the required content is policed or has been policed to the extent required under the law. I am sure that if only \$78,000 worth of goods are involved under this section that is not going to appreciably change the amount of imported parts that now go into the Canadian-made automobile. However, there is another aspect of this problem that was raised by the hon. member for Kenora-Rainy River which I think is important, having in mind my particular concern, and that is the question of the valuation placed on imported vehicles, especially from other than commonwealth countries, particularly those countries where the cost of production is considerably below that

of this country or most western countries. I have in mind particularly the Soviet union. We have a treaty with the Soviet union.

Mr. Benidickson: That is the general tariff, is it?

Mr. Martin (Essex East): Yes.

Mr. Fleming (Eglinton): The matter of valuation under the Customs Act has nothing to do with the Customs Tariff.

Mr. Martin (Essex East): The hon. member for Kenora-Rainy River raised this question and inquired of the minister—

Mr. Fleming (Eglinton): It is not relevant to this bill at all.

Mr. Martin (Essex East): My friend says it is not relevant, but while he does not administer the Department of National Revenue and is not responsible for valuation, surely he can tell us what the policy of the government is with regard to the valuation that would be placed on products made in lower cost countries in competition with our own. I submit with confidence to the minister that under this bill the question put by the hon. member for Kenora-Rainy River and now supported by me is in order.

Mr. Fleming (Eglinton): I am sure the support of the hon. member for Essex East would almost make a question which is out of order in order but not quite. The subject matter of the hon. member's question does not relate to this bill at all. There will be proper occasions when that question can be raised, but this is not one of them.

Mr. Martin (Essex East): Well, I think it is, but the minister does not want to answer. All right.

Mr. Pugh: Mr. Chairman, I should like to clear up one point. Suppose in future people do enter into the manufacture of such products; would the duty then be automatically imposed?

Mr. Fleming (Eglinton): Yes. Once it is manufactured in Canada then it comes out of this provision. This applies only in the case of goods of this description of a class or kind not made in Canada.

Mr. Pugh: So there will be no bar to anyone starting manufacturing in Canada at any time if it is a profitable venture.

Mr. Fleming (Eglinton): No; and that applies, of course, to a great many items in the tariff.

Mr. Benidickson: I understand that a declaration would have to be made in the *Canada Gazette* or something of that kind if someone started to manufacture these items. If that