

repeat that I believe we have a fair deal, and therefore a good deal for the Canadian economy and for Canadian workers.

Mr. Kempling: Madam Speaker, I just have one and a half short questions. The part of the minister's statement that has really concerned me, and I raised it as part of a question the other day, was the statement on page 8 where he says: "Of course, Canadian suppliers will have to meet normal competitive requirements." I believe the minister is aware that about 75 per cent of the automotive component producers in Canada are subsidiaries of American companies, and those companies in many cases have no sales staff. They merely have a production facility here. They build upon demand order from their parent company in the United States.

Under those circumstances, I do not see how they can possibly be competitive. If the minister had said in his statement that they were going to encourage the Canadian automotive parts industry to move into a large orbit so that they could have larger and longer production runs in order to be competitive, that would be something else again. I am concerned about that.

Secondly, I am still not happy with the suggestion here that we also required in the agreement that "Chrysler Corporation transfer pricing practices will not work to the detriment of Chrysler Canada." I question why that statement is in there. There is a lot of hanky-panky can go on in transfer pricing. There are a lot of head office charges that can be transferred from the United States to Canada. Almost every component that goes into an automobile bears part of the cost of research and development, part of the overhead, part of advertising and a myriad of other charges.

I want the minister to comment on this. Transfer of pricing practices is something that is going to have to be watched very closely, because therein lies whether or not this company is going to fly or fall down the tube in Canada.

Mr. Gray: Madam Speaker, the hon. member is quite right when he says the transfer pricing practices between Chrysler Corporation and Chrysler Canada will have to be watched very carefully, because there are various ways that transfer prices with respect to goods and services between a parent company in another country and a subsidiary in Canada can be adjusted—I was going to say manipulated. Perhaps I will. I will say manipulated in a way that is adverse to the interests of the subsidiary. It is because of these considerations that we insisted that a clause that transfer prices could not be developed in a way adverse to the interests of Chrysler Canada be put in the agreement. This is one aspect along with all the other aspects that will be monitored very closely.

● (1710)

My hon. friend has raised an interesting point with respect to purchasing by Chrysler Canada from Canadian parts manufacturers. I think that the aspects about which he is concerned will be dealt with in two ways. First of all, the restructuring plan on which we will be insisting under the agreement to make Chrysler Canada more autonomous will have in it the

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requirement for a Canadian-based purchasing department which will be in a position to seek out more actively than is the case at present Canadian suppliers for the production of Chrysler Canada, and that of the parent corporation for that matter.

Second, this agreement is not intended to cover the whole range of improvements we want to see in the Canadian automotive industry. This deals with what is almost an emergency situation, but obviously we have a number of other objectives we wish to accomplish for the Canadian automotive industry as a whole, for the Canadian parts industry in particular and its Canadian-controlled component.

We intend to have in place measures to make it easier for Canadian parts manufacturers, whether they are subsidiaries of foreign parent companies or Canadian-controlled firms, to be more competitive in terms of longer production runs, in terms of having the capital necessary to take advantage of sourcing opportunities to be made available as automobile manufacturers, including Chrysler, retool in order to meet product demands of the eighties. It is in this direction that we will respond to concerns raised by the hon. member which are the concerns raised by myself on a number of occasions which form part of my priorities for the Canadian automobile industry.

Madam Speaker: Order, please. I said previously that I would recognize only the hon. member for Burlington (Mr. Kempling). It being so late, I must keep to that. Now I am in the hands of the House as to whether we should continue with routine proceedings or proceed to private members' business, or whether we should defer it until eight o'clock.

Mr. Knowles: Do it now.

Madam Speaker: Is that agreed?

Some hon. Members: Agreed.

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[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 53, 330, 400, 564 and 565.

I ask, Madam Speaker, that the remaining questions be allowed to stand.

[*Text*]

ORDERS IN COUNCIL

Question No. 53—**Mr. Cossitt:**

1. Between April 20, 1968 and the date the former government resigned from office, how many orders in council were passed?