

Some Hon. Members: Hear, hear!

Mr. Crawford: Throughout the negotiations, the Government maintained that the auto industry would not be part of any Free Trade Agreement and that the Auto Pact would remain intact. Yet, when the free trade deal was made public, one found an entire chapter dealing with changes to the Auto Pact, Chapter 10.

The trade deal, Mr. Chairman, makes several significant changes to the Auto Pact, changes which eliminate Canadian safeguards and essentially gut the Auto Pact.

Ms. Copps: Shame.

Mr. Crawford: First of all, the policing mechanisms are removed. The Auto Pact allowed companies to move autos across the border tariff-free if those same companies manufactured in Canada 60 per cent of the value of vehicles sold in Canada. Car makers are required to pay full tariff on any imports that do not meet the 60 per cent requirement, and the tariffs are set at such a level that it is always in the car maker's interest to build the cars in Canada, creating jobs for Canadians in the process.

The Free Trade Agreement removes this policing mechanism by phasing out tariffs on original equipment and tires over 10 years, and over five years the tariffs on replacement parts. Without these tariffs, manufacturers will have fewer incentives to invest in Canada, with the consequent impact on jobs for Canadians. Also, the deal introduces a new 50 per cent North American rule of origin.

In order for original parts to move between Canada and the United States at the tariff rates specified in the Free Trade Agreement, at least 50 per cent of the manufacturing cost will have to be incurred in North America. The Government refused to accept the advice of the automotive parts manufacturers of Canada, who warned the Government that unless the North American content requirement was raised from 50 per cent to 60 per cent, up to 20,000 jobs could be lost in the auto parts industry in Canada. This particular aspect of the agreement has many in the riding of Kent very concerned, given that the livelihood of many of the residents of the riding of Kent depend upon this industry.

A third way in which the Free Trade Agreement weakens the Auto Pact arises out of the fact that it restricts the Auto Pact to current participants only. Canada has agreed not to allow companies other than the existing North American car makers to qualify under the remaining provisions of the Auto Pact. We

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will no longer be able to use the Auto Pact and its access to the U.S. market to attract new investment from Asian companies in order to create jobs.

These changes essentially gut the Auto Pact. This Government has agreed to move from "managed trade" to "free trade" in automobiles.

With tariffs tied to performance requirements, we have been able to create jobs and prosperity in the Canadian auto industry. Why this Government would abandon the Auto Pact when it is working in Canada's interest is baffling. Ideology conquers common sense again.

How has some of the auto industry reacted? As I mentioned earlier, Victor Lonmo, the President of the Automotive Parts Manufacturers of Canada, predicts that 20,000 jobs will be lost in the auto parts industry as a result of this free trade deal, with the job losses occurring primarily in the high technology sector involved in electronics and engine design.

All labour unions in the industry oppose this trade deal on the ground that it would allow auto makers to move Canadian jobs to the U.S. While I do not agree with the politics of Bob White, the President of the Canadian Auto Workers, he makes a reasonable statement when he states, and I quote: "If you have the safeguards without a penalty, how can people be so sure about the future? If you take away the penalty enforcement, I think you put a lot of jobs in jeopardy."

Another aspect of this deal that leads us toward the economic union of the U.S. and Canada is the impact of the minimum wage laws here and across the border. While all Canadian provinces have minimum wage laws, nine American states have no standards. In addition, the minimum wage in 12 of the states is under \$3 an hour. In fact, in Texas, the third most populous state in the union, the minimum wage is \$1.40 an hour.

Ms. Copps: Shame. What a disgrace.

Mr. Crawford: Under this trade deal, Canadian workers will find themselves in competition with lower paid and poorly protected workers from Texas and Mississippi.

Ms. Copps: They don't care about workers. That is what they want. That is the hidden agenda of this Government—big business.