

Adjournment Debate

same time, Canada's agreement with Japan resulted in 1980 sales plus 10 per cent. This year all we asked the Japanese authorities for was the same agreement they gave to the United States in 1980.

Consultations presently are going on at the official level between Japan and Canada. As the hon. member knows, the automobile industry is in a serious state in Canada. Thousands of employees have been laid off as a result of the decline in our market plus the import penetration. This is not just in Ontario or Quebec but about 300 dealers have also closed down across Canada.

Until such time as we arrive at a satisfactory settlement we feel there is no alternative, and therefore we have asked Canadian Customs to strengthen customs procedures at the point of entry. That is not something we want to do, as we had hoped to arrive at a mutually satisfactory decision. Unfortunately, that has not happened to date.

I am very hopeful that before long we will reach a decision beneficial to Japan and to Canada and that we will continue, in the long-term interests of both countries, to expand our bilateral trade of over \$8 billion.

CUSTOMS AND EXCISE—QUERY RESPECTING POSSIBLE
EXTENSION OF CUSTOMS AREA TO INCLUDE CONTINENTAL
SHELF

Mr. Maurice Foster (Algoma): Mr. Speaker, on May 4 this year I put the following question to the Minister of Finance (Mr. MacEachen):

In view of the advantages it would give to Canadian manufacturing industry, and especially the steel industry, of an extension of the Canadian Customs area offshore, to extend it from the 12-mile limit to the continental shelf, as Norway, the United States and the United Kingdom have already done, and the massive drilling and exploration program planned on the east coast offshore, is the government planning to extend our Customs regulations to include the east coast offshore to the continental shelf?

The Minister of State for Finance (Mr. Bussi eres) replied that my question was an interesting one—I was glad to hear that—and that it could help certain Canadian companies to gain a competitive edge. He went on to say that the question would require careful study. I hope that the parliamentary secretary who responds tonight will indicate that the study is complete and that we will be able to make decisions in this regard.

The Canadian steel industry which has been operating at a very high level of production for many years, has dropped in recent months to as low as 50 per cent of capacity. There have been extensive lay-offs and some companies such as Algoma Steel have been required to lay-off pretty well all the work force for one week in June.

I think it is important that the government should take every possible action to increase the amount of steel utilized within our borders. This proposal to extend the Customs area to the continental shelf would increase the use of Canadian seamless tube and other metal products.

The oil and gas bill that we worked so hard on in committee last year contains a provision that requires companies going into oil and gas production in the Canada lands to submit a plan to utilize the maximum Canadian content. In the North Sea development in the United Kingdom in the early '70s,

there was only 25 per cent content required. In the course of a decade, that has been increased to 75 or 80 per cent United Kingdom content. That was achieved by having a team work with the oil and gas exploration, production and development companies and another team of about 100 people working with the actual British suppliers. It is a good model, one which Canada will be able to utilize as Hibernia and other similar areas beyond the 12 mile limit come into production.

• (2230)

If we look at our own situation, 85 per cent of the goods and services used in offshore exploration are imported. The rigs come from the U.S., so they naturally deal with their own suppliers. In fact, all this equipment is coming into Canada duty free because it is beyond the 12-mile limit.

So I think it is important that the government act immediately, and I am sure the parliamentary secretary will want to announce something just as soon as possible in this regard. The U.S., the U.K. and Norway have all extended their customs regulations to include the continental shelf, and it just seems to be common sense that Canada do the same in order to assist the steel industry.

We do not actually have production in those areas yet, but we will during the course of the decade, and while we are exploring in areas such as Hibernia we should extend the regulations so that the equipment will have a much higher Canadian content. I am hoping the government will move on this. I do not have an actual estimate on the economic benefits in terms of dollars and jobs, but I am sure that we are talking about literally millions, perhaps hundreds of millions, in goods and services which could be Canadian. We are certainly talking about literally hundreds of jobs in a steel industry which requires them right now in Canada.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I would like to compliment the hon. member for Algoma (Mr. Foster) for raising this issue in such a thorough and very practical fashion. The Minister of State (Finance) (Mr. Bussi eres) advised the hon. member that the extension of Customs jurisdiction is under very careful study by the government at this time. The study is well advanced and a full policy statement on the matter should be issued soon. At that time we will also be able to announce what we have decided to propose by way of changes in our coastal trade policy and measures of assistance for the shipbuilding industry. Much of this will have a direct bearing on the steel industry and the concerns raised by the hon. member.

Extending Customs jurisdiction beyond the 12-mile limit involves not only the application of regular duty rates from the Customs tariff, but also the provisions for anti-dumping and countervailing duties which can be applied when dumped or subsidized foreign goods cause or threaten to cause injury to Canadian manufacturers. The use of subsidized interest rates to finance the sale to Canada of various kinds of capital