

*Customs Tariff*

● (1030)

I would not want to go into a long, historical perspective on the development of trade or on the development of customs tariffs as they particularly relate to the North American context and the interaction with our major trading partners. However, I think it is worth while to instance that the trading classification system at which we are looking today is one that has grown up over a period of centuries. That is a fact which should give the Government some cause for reflection, because the classification system is but part of the over-all discipline of trading relationships and the limitations or barriers, as some would term them, that have grown up around the trading relationships of Canada and indeed of all nations over such a long period of time.

These classifications, along with the tariffs which will be applied under these classifications, along with such matters as quotas, dumping, countervailing procedures, measures to promote domestic industry, and import substitution programs, constitute part of an interrelated scheme of trading regulation which, having grown up as I said over a period of centuries, should really not come under the jeopardy of being arbitrarily disbanded over a period of mere years or indeed mere decades.

Turning back to the harmonized commodity coding system, the usefulness of standardized coding systems, not only on the international but also on the national and interregional horizons, really requires no great argument to convince us of its utility. Many of us will have had experience with such harmonized coding systems as the international standard book number system, which is used by libraries to facilitate identification of text, and the Dewey decimal classification system, which I believe has been in use since the turn of the century to enable the classification of subject matters. Let us not underrate the significance of such systems as a means of international communication.

Lacking as our world does an international language understood by all, although through the course of history there have been languages which had legitimate pretensions to that status, it is very often necessary to resort to the use of a metalanguage, which of course the coding system essentially is, in order to determine the accurate identification and the complete understanding in the minds of all who relate to a particular issue as to what is the subject matter.

The harmonized coding system, which is in the process of being adopted and implemented by Canada's major trade partners and indeed by the major trading nations of the world—and eventually we would assume by all nations of the world—will have another benefit that I think should not be overlooked. Of course that would be the facilitation of the measurement and description of world trade as a whole.

World trade could not be properly classified if under some countries' reporting regimes certain items were included in groups, whereas other countries under their own reporting and classification regulations either disaggregated or aggregated those items with or without other similar products.

The Hon. Member for Ottawa—Vanier (Mr. Gauthier) mentioned the usefulness of harmonized classification in reducing the appeals which would be necessary against customs classifications. We must remember that in these appeals we are talking about a two-way process. We are talking of the process of Canadian importers bringing goods into the country under Canadian tariffs and about the process of Canadian exporters selling goods abroad under the tariffs of the importing nation. These appeals can indeed at times be lengthy and arduous, and very significant amounts can hang on the success or the failure of an appeal. The whole commercial transaction which gives rise to the importation of the good can be jeopardized depending on the classification of the good which is being imported. Naturally this is even more significant when going into countries which, unlike Canada, have significant tariff barriers for whatever reason, whether it be protection of domestic industry or simply the collection of revenue.

The harmonized commodity description coding system, the internationally based system for the standardization of customs tariff classification and statistical trade data, is one of those nuts and bolts improvements which will facilitate the continued development of international trading relationships. Canada, along with other members of the GATT, intends to implement legislation on the basis of the coding system by January 1, 1988. That will not lead to a dramatic improvement in Canada's trade balances or to a dramatic expansion of Canada's trade, but the fact that we are talking about an international coding system should turn back our attention in a very timely fashion to the international, the world-wide, or global dimension of Canada's trade. I think we have been preoccupied—and certainly the Government has been preoccupied—with bilateral trade and bilateral trade issues over the past few years; "bilateral" of course referring to Canada's trading relationship with the United States.

In the context of switching our focus to international trade, I think it is quite timely that we look at some of the failures of bilateral trade arrangements over the past few years, failures in large measure brought upon Canada by the Government, and draw from that the lesson and the moral that Canada must spend a great deal more attention on international trade on a multilateral basis.

For example, on June 6, 1986, the Government imposed a 10 per cent duty on books and periodicals in response to the American 35 per cent tariff on Canadian shakes and shingles. That action, presumably intended as retaliation or notice to the United States of Canada's displeasure, injured the very industry it was designed to protect. Canadian book publishing and book distribution and printing industries were naturally outraged at being the focal point of the Government's response. They made clear that the Government's decision to impose a 10 per cent duty on books and periodicals jeopardized an already fragile enterprise. The removal of that tariff in February, 1987, confirmed that the measure had been an ineffectual response. Were it that we had been able to remove