

Supply

that the Canadian product appears to have increased its competitiveness against imports from Hong Kong and Brazil based on exchange rate changes and rates of inflation. The industry will continue to have recourse to the Special Import Measures Act with respect to subsidized or dumped imports of goods into Canada. In fact, the tribunal notes in its report:

During the course of this inquiry the tribunal became aware of a variety of government assistance programs made available to producers in a number of exporting countries.

They go on to say they are fully confident that the provisions of the Special Import Measures Act are fully adequate to address any future problems which may arise where dumping or subsidization appears to exist. This is an important point. To the extent that the Canadian industry is concerned about disruptive imports of footwear into Canada, it is important that it seeks recourse through the legally established measures provided under the Special Import Measures Act. The Canadian industry will therefore continue to benefit from a lot of protection against imports. Quotas will apply for the next three years on women's and girls' footwear. Tariff rates of around 23 per cent will prevail on the bulk of footwear coming into Canada, and the industry will continue to have recourse to the provisions of the Special Import Measures Act. The Government recognizes, however, that the lifting of quotas will give rise to a moderate surge of imports but the market should stabilize within 12 to 18 months. Some of the surge will be due to pent up demand for lower priced shoes. Some of it will be due to the fact that there will be a number of new importers. Some of it will be caused by what we expect will be an inclination by retailers to experiment by importing new items. To mitigate any effects the surge may have, we will be conducting consultations with the countries which are Canada's principal footwear suppliers. As the Minister for International Trade said in the House, we will put them on notice that their long-term interest in the Canadian market would best be served by a prudent and gradual approach to sales. Canadian importers who have been known to bring in footwear for the sole purpose of establishing a high base for the allocation of import quotas will be made aware that such practices will not be rewarded in the future.

● (1740)

Let us look at the significance of abolition of footwear quotas from the perspective of the Third World. Canada has, in good times and bad, under all recent governments, avowed to help the Third World face the great challenges it does, to help Third World countries help themselves and to become more self-reliant in the world of today. While Canada has been generous in the provision of official development assistance, such assistance alone is not enough to enable these countries to survive in the world, to grow, and to become more self-reliant. These countries must receive private capital to develop their industries and be given trade opportunities to allow these industries to grow and realize their full potential. It is only if industrial development and exports from the Third World are encouraged today that these countries will have a chance to

join the trading nations of the world and be future partners for Canada in the world of tomorrow.

Footwear manufacturing is a growing area of potential exports from the Third World to the north. According to *UNIDO Industry and Development Global Report 1985* the south's exports of footwear to the north—Canada included—increased from \$.5 billion (U.S.) in 1970 to \$1.5 billion (U.S.) in 1979 but then began to face import restrictions of various kinds.

Canada and other donors have provided billions of dollars of official development assistance as well as generous export credits to help Third World countries. Does it make sense, when the results of such assistance begin to emerge, to cut these short? Over the years since Canada began its international development assistance program it has, for example, provided more than \$7 million to south Korea, more than \$43 million to Brazil, more than \$23 million to the Philippines, more than \$46 million to Malaysia, and more than \$68 million to Thailand, not to mention the more than \$1.5 billion to India.

It is purely a coincidence that these are some of the countries that are emerging from the shadow of desperation in their recent pasts to become our potential, if not actual, markets of the future. Is it not a little short-sighted to consider, perhaps unwittingly, that we should retain footwear quotas that can only but alienate countries such as these which are also now the leading footwear producers in the Third World?

In conclusion, Mr. Speaker, the Government has concluded that the further granting of import relief to the entire footwear industry would be in neither the industry's nor the country's economic interest. If we are to export we must also import. It has become abundantly clear that import quotas can threaten jobs through retaliatory measures on the part of our trading partners. The international costs associated with the imposition of import quotas, however, is only one dimension of this issue. There are many others. However, it should be kept in mind that the Government's decision is consistent with the findings of the Canadian Import Tribunal which has conducted its most comprehensive inquiry to date into this industry. The tribunal is an independent body that has considerable expertise in conducting inquiries into imports into Canada. It is particularly familiar with the footwear industry, having conducted three previous inquiries into this industry. This was the fourth and, by far, the most comprehensive inquiry that the tribunal has undertaken to date.

I, therefore, am somewhat surprised that the Liberals, who appointed the members of the tribunal, set its terms of reference and have cited, with approval, extracts of the tribunal's report, are now attempting to ignore the tribunal's recommendations and conclusions. I am also rather surprised, Mr. Speaker, that members of the New Democratic Party are not prepared to take fully into consideration the interests of 25 million Canadian consumers, particularly low-income earners, in maintaining a viable and competitive Canadian footwear industry.