

*Oral Questions*

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, I have not had the occasion to read the report presented by the Ontario administration. On some scores it is a subject of disagreement. But I would like to inform the House of Commons that since we signed the auto pact some years ago, the situation in the auto industry has improved fantastically in Canada. We have more than doubled the number of jobs and activities in that industry compared to the situation before the auto pact. Of course, the auto pact is not a perfect instrument and the government is always working to improve it. This is what the Minister of Industry, Trade and Commerce is attempting to do at this time.

**Mr. Stevens:** Mr. Speaker, my supplementary is to the Minister of Finance. It is revealed in the report that if Canada had its fair share of North American investment as far as the auto industry is concerned, we would have an additional \$866 million invested in Canada. Would the minister indicate if any discussions have taken place with the large automotive manufacturers in this country with a view to, first, determining whether they are giving us a fair share of the investment and consequently jobs and, second, if not, why are they not giving Canada a fair share of jobs and investment?

**Mr. Chrétien:** As I said, Mr. Speaker, I have not seen the report. The report has been made public. Nor do I know whether the Minister of Industry, Trade and Commerce has had occasion to read it. I would like to say that the auto pact has been extremely good for Canada, although it is not a perfect instrument. The hon. member should know the type of criticism that the auto pact is receiving day in and day out in the United States: the people there are saying that it has been too good for Canada.

## RESEARCH AND DEVELOPMENT IN AUTOMOTIVE INDUSTRY

**Mr. Sinclair Stevens (York-Simcoe):** Mr. Speaker, my supplementary is to the Minister of State for Science and Technology. The Minister of Finance has indicated that the auto pact is extremely good to Canadians. The report from Ontario indicates that if we had our fair share of research and development in the auto industry, we would have 2,500 people employed in research and development in that industry alone, compared to virtually nobody at the present time.

Bearing in mind that \$203 million, on average, in the last three years has flowed into the United States for research and development because we do not have people employed in that field, would the minister indicate whether he is aware of this fact? If so, what is his department doing to correct this imbalance?

**Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology):** Mr. Speaker, we are very much aware of this imbalance and one of our major concerns is the fact that the auto pact did not make provision for significant research and development in Canada in this industry. I know my colleague, the Minister of Industry, Trade and Commerce, is negotiating with at least one of the major

companies to establish a significant research and development facility in Canada.

To follow through on an additional point, it is my understanding that we enjoy in the automobile manufacturing industry, over-all, roughly 11.3 per cent of the employment and Canada represents approximately 8.8 per cent of the North American automobile market.

**Mr. Stevens:** That is not accurate.

**Mr. Buchanan:** Hon. members opposite keep saying it is not accurate, but I am told that the figures are, in fact, accurate.

## CANADA-U.S. AUTO PACT—CANADA'S DEFICIT IN AUTO PARTS MANUFACTURE

**Mr. Stan Darling (Parry Sound-Muskoka):** Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce, I direct my question to the Minister of Finance. It concerns the conclusions of the Ontario treasury and economic affairs department which state that Canada is not getting its fair share of the benefits of the auto pact. In my riding of Parry Sound, for example, many people are out of work, which reflects the human problems behind the mounting deficit in auto parts.

In view of the fact that investment in Canadian auto parts capacity is stagnant in this country, while it continues to increase in the United States, will the minister tell the House why this government allowed the \$3.2 billion deficit in auto parts to develop and why it has done nothing to correct the situation?

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, I do not think I can add much to the point made by the hon. member. I have just informed the House that we are working constantly on this problem. I remember that some ten years ago, when we decided to set up an auto pact, the number of jobs in relation to the market in Canada was approximately 5 per cent or 6 per cent. We have doubled that percentage in the last ten years and increased substantially the number of jobs in proportion to the Canadian share of the North American market.

**Mr. Stevens:** That is not true.

**Mr. Chrétien:** You can always divide statistics here and there. I have said the auto pact is not perfect; however, it is a big improvement over the situation in that industry ten years ago. We are always working very hard to improve it.

**Mr. Darling:** Mr. Speaker, will the government assure the House that at the tariff negotiations at Geneva the auto pact will be treated as a package with other tariff measures, and there will be no signing of the GATT agreement without negotiation aimed at reaching a fair auto pact? Will he also assure the House that the standard tariff of 15 per cent which the automotive sector report said was vital to the health of the industry will remain in place?