

that the Japanese should be forced to trade fairly in a Canadian market and not have the added advantage of very low labour rates, comparatively speaking, in Japan and then dumping their cars and trucks in this market where they have the competitive edge.

So far little if anything has been forth-coming from the Government. The Minister of Regional Industrial Expansion (Mr. Lumley) and the Minister for International Trade (Mr. Regan) make periodic trips to Japan. They come back and they talk about what they have talked about over there, which is usually nothing as you can see if you read their statements either in *Hansard* or in the newspapers. Just the other day I asked the Minister for International Trade what had resulted substantively from his senior Ministers', the Minister of Regional Industrial Expansion, latest trip to Japan. I got what is called in this House a non-answer. They did mention a \$4 million investment on the part of Japan in some kind of an ethereal office in Toronto, a PR office, but a \$4 million investment in the Canadian auto industry is like someone buying a package of cigarettes to promote the Canadian cigarette or tobacco industry. On the other hand, there was a press release or a statement made by some official in the Government to the effect that the Japanese were thinking of investing \$200 million in some kind of facility here in Canada. So far there has been absolutely nothing substantive, nothing factual, nothing specific on the \$200 million, and the Japanese Government apparently knows nothing about that \$200 million. Whether it was part of the figment of the imagination of the Minister or some other person or persons is at this point impossible to determine.

I have been touring around the automotive parts area of southern Ontario for the past several weeks. I have talked with union people and with manufacturers. It is interesting to note that on this issue, particularly in the automotive parts industry, we have the UAW, headed by Mr. Bob White, Director of the Canadian branch, and the Automotive Parts Manufacturers' Association, headed by Mr. Patrick Lavelle, in total agreement. They know that it is a sick industry and that it is getting worse. Let us not be misled by the increase in automobile sales in the past year or year and a half in the country. The auto parts industry is not in good shape.

● (1630)

The automotive task force was composed of the United Auto Workers Union, the Automotive Parts Manufacturers' Association of Canada, the Motor Vehicle Manufacturers' Association, Chrysler Canada, Ford Motor Company of Canada and Magna International Inc. This composition is an interesting and unique coalition between management and labour. Mr. White commented that it was of the utmost importance that people realized that all the recommendations in this report were supported by all factions or groups represented on the task force.

The automotive industry employs over 100,000 people and supports just as many jobs indirectly in industries such as steel and rubber, textiles and plastics, glass and aluminium, ma-

chinery and electrical parts. Another way of looking at the importance of the automotive industry to Canada is the fact that over 60 per cent of Canada's exports of manufactured end products are motor vehicles and automotive components. Automobiles and automotive components make up over 60 per cent of Canada's exports of manufactured end products and account for, directly and indirectly, 200,000 jobs. On the world stage, Canada has the seventh largest vehicle market in the world. On top of this, our resource base in energy supplies and future-oriented materials, that is to say plastics and aluminium, provides significant cost and availability benefits.

The Canadian work force has proven to be a highly-skilled one. Its productivity, manufacturing quality, labour costs and absenteeism compares favourably with conditions in automotive plants in the United States, Europe and Australia, another little known or little acknowledged fact from the report of both management and labour.

In 1965 the auto pact was signed between Canada and the United States. It allowed for a conditional duty-free environment and also allowed Canadian and United States industries to rationalize themselves according to the appropriate economies of scale. This pact recognized Canada's need for safeguards such as production to sales ratios and Canadian value-added commitments which had to be met before duty-free entry to Canada was granted. The pact has increased Canadian automotive employment in absolute terms and as a share of total Canada-U.S. automotive employment. It has also allowed for an increase in productivity so that the gap between Canada and the United States in productivity has been eliminated.

Today Canadian vehicle prices are lower before sales taxes than those in the United States. While the auto pact favoured assembly—and incidentally Canada had a surplus in vehicle trade with the United States—auto parts production has not grown at a comparable scale. As a result, in most years Canada has had a deficit in auto parts trade. In the meantime, all imports have increased their sales in Canada to the point where 30 per cent of the cars sold here are from a foreign automotive maker who in turn conducts little or no vehicle production in Canada.

While Canadian vehicle and parts companies have been making unprecedented investments in product design and development and in innovative manufacturing systems to improve productivity and quality, foreign imports have been taking over more and more of the marketplace. Japan is an example of the kind of competition being faced by the automotive industry. Japan combines a modern, efficient industry with a standard of living that has not achieved North American levels. There is no doubt that Japanese automotive manufacturers will continue to have lower labour costs. As well, the under-valued yen provides another competitive advantage to the Japanese automotive industry.

If Canada does not bring in limits to the Japanese automotive imports expansion, we will become Japan's dumping ground. Political pressure and public policy in other countries aimed at limiting imports and increasing exports could result in vehicles and parts being diverted to Canada. The primary