

*Customs Tariff Amendment Act, 1971*

The next paragraph deals with machines and parts thereof, for use exclusively in logging, such operation to include the removal of the log from stump to skidway, log dump, or common or other carrier. This proviso, which I understand is a new provision in this bill, removes these items from the application of the tariffs listed in the case of importation into Canada of any goods enumerated if the Governor in Council, on the recommendation of the Minister of Industry, Trade and Commerce, considers that it is in the public interest and that the goods are not available from production in Canada by allowing a remission of the duty specified in the item.

I should like to ask the parliamentary secretary why in the existing tariff structure there is an exception in regard to the machinery used in the operation of planing. Also, why is it that no provision is made in this excepting proviso as proposed in the bill for machinery and equipment used in plywood manufacturing plants and particularly particle board plants, all of which are in the nature of an alternative use of the basic forestry products and in many cases, certainly in the coastal area of British Columbia and indeed throughout British Columbia and in some other parts of Canada, are part of an integrated forestry products complex. Why is it that while there is provision for exemption from duty for saw mill and logging equipment, no equivalent provision is made for machinery used in these other forms of converting plants, ones such as I have mentioned, plywood plants and particle board plants?

**Mr. Mahoney:** The types of products to which the hon. member is referring are subject to tariff items 42700. They are treated in the same way under that item as is proposed for logging equipment under this item. I might say that the combined coverage of the two items 41100-1 and 41105-1 is essentially the same as the two tariff items they replace, and the rates of duty are also the same as previously. The main purpose of the amendment is to provide for remission of duty on the same basis as under the existing machinery tariff remission program on logging and saw mill machinery which is not available from production in Canada. The new item 41100 covers the machinery, including cranes, for which duty remission may be considered. The other item covers trucks and non-mechanical logging equipment which is not covered by the remission program and will continue to be dutiable at 10 per cent British preferential and 12.5 per cent most favoured nation. Logging trucks are already covered by remission programs established for the automotive industry. I might say that these amendments constitute one of the measures proposed in the budget to assist the forestry products industry whose exports and profits have declined in the past year due in part to the unpegging of the Canadian dollar.

• (4:00 p.m.)

Other measures which will be of assistance to the industry include the progressive reduction of the corporate income tax rate from 50 per cent to 46 per cent as provided in Bill C-259, the removal of the sales tax on anti-pollution equipment as provided in Bill C-260 and the temporary duty on heavy fuel oil as provided under tariff 2906-1 of this bill.

[Mr. Barnett.]

**Mr. Barnett:** Mr. Chairman, I should like to be sure I correctly understood what the parliamentary secretary was telling me. Under the existing tariff law, in another section which is not in this bill, provision is already there for remission of duty on machinery and equipment for plywood plants.

**Mr. Mahoney:** Yes, Mr. Chairman. This complements the existing machinery tariff remission program for goods classified under customs tariff 42700-1. The majority of equipment used in the forest products industry is covered by that latter item and is already subject to remission. This brings additional equipment into the remission category.

**Mr. Barnett:** I thank the parliamentary secretary for that explanation. I am still a little bit puzzled about the situation in respect of logging trucks because as I read customs tariff 41100-1 it refers to machines and parts thereof used in the operation of logging from the stump to the log dump. Now, as I understand the parlance commonly used in a logging operation, certainly on the Pacific coast, the logging dump means the place where the logs are dumped into the water from a logging truck. This is why I am a little puzzled by some of the remarks of the parliamentary secretary about logging trucks being covered under the arrangements in respect of automobiles generally.

I am also a little puzzled concerning what is meant in the new part of 41105-1 in reference to self-propelled trucks. I have discussed this with some people actively associated with the industry and have discovered there is some confusion in their minds concerning just how this will work out in practice, particularly in the area with which I am most familiar. I should tell the parliamentary secretary, if it is not already obvious to him, that I do not consider myself an authority on the tariff law. However, I believe it is important to a good many people in the area I represent that we have a clear understanding of exactly how this will apply, at least in respect of the practise of the industry on the Pacific coast.

I was aware of the other items in the budget proposal to which the parliamentary secretary referred, and I recall the minister announcing them as sort of a package with relationship to the unpegging of the dollar. But it would be unfortunate if there were any confusion concerning the intent of this when it comes to a point of decision in respect of the importation of equipment not available to the industry from Canadian manufacturing sources.

**Mr. Mahoney:** Mr. Chairman, the intent of these changes is to try to cover in the forest products industry the same kind of equipment and machinery that comes in under the machinery program. I would refer the hon. member to Order in Council 1971/140 dated January 26, 1971 which is entitled "Order respecting the remission of customs duty on off-highway vehicles, parts and accessories and parts thereof". That is the Order in Council which covers the logging trucks and so on.

**Mr. Barnett:** Mr. Chairman, there is one other question I should like to ask the parliamentary secretary if he has the information available. This arises from the fact that we have a parallel industry on the Pacific coast for forest products north and south of the 49th parallel. I should like