

*The Budget—Mr. Sharp*

downward from 15 per cent, while many basic materials will be free or close to free.

The reduction of duty on materials, intermediate products and machinery will, of course, be of assistance to those manufacturers who now have a lower level of ad valorem protection for their own products. This means, of course, that these manufacturers will still retain significant effective protection, that is, protection on the actual value added in Canadian production. In a number of important sectors the reductions made in the Canadian tariff reflect recommendations made by the Tariff Board in recent reports on sectors of the tariff schedules which had been referred to the board.

That is all I would like to say at this stage, Mr. Speaker, about the scope of the tariff undertakings given by Canada. Perhaps I might say a word now about how the government went about formulating its tariff offers. We had a number of considerations in mind which I would like to summarize.

First, and most obvious, we wanted to secure every worth-while tariff reduction in other markets that was put on the table by our negotiating partners and we knew we had to pay for each one. Our trading partners, who are just as tough bargainers as are Canadians, would ensure that they got as good as they gave. But we had to be sure that we gave no more than we got. That is what my colleague, the President of the Privy Council (Mr. Gordon), called in his budget speech of 1964 the "principle of full reciprocity".

Second, we wanted to ensure a reasonable degree of balance and reciprocity for each major sector of our economy and for each major region. That, I think, we achieved.

Third, we wanted particularly to help our secondary industries break out of the confines of this small national market, and this we could do by getting reductions in other countries' tariffs and by cutting the costs of producing in Canada for that new and expanding market. That is why the tariff cuts on raw materials, semi-finished goods and production machinery are so important a part of the Kennedy round settlement. Indeed, it is my view, Mr. Speaker, that we are emerging from this negotiation with a much more rational tariff structure, but this was possible only because of the opportunities opened up by a major tariff negotiation.

Fourth, we wanted to give the consumers of Canada, that is, all of us, the advantages

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flowing from greater international competition and the resulting lower prices. I need hardly add how important this will be in assisting to control the cost of living.

Let me say a word about timing, about when we propose to implement the tariff changes. In the near future I propose to table a resolution to implement the tariff reductions. It will set out in detail and precisely all the changes in rates we agreed to except for those relating to chemicals which will be introduced later.

As I said in a public announcement at the end of June, some concessions will be introduced in one step and the effective date proposed is January 1 next. These concessions to be implemented in one step are: machines classified under item 42700-1; cigars, cigarettes, cut tobacco and alcoholic beverages; certain items in the following sectors—oilseeds, oilcake meal and vegetable oils, wire and wire products, and lumber and lumber products, some tropical products, and a few other products where staging would be undesirable or impracticable.

Changes in the chemicals and plastics schedule will be introduced in a single step as well, but not until July 1, 1968.

Concessions which are not implemented in one step will be staged over a period not exceeding four years beginning January 1. We have undertaken that with respect to these concessions the difference between the base rate and the final rate will be reduced by not less than one-fifth on January 1 of each year, starting January 1, 1968. This does not preclude us from reducing tariffs more quickly, and I am now reviewing our proposals in detail to consider what particular problems may make desirable some deviation from staging in five equal instalments.

As to the anti-dumping convention, at present we in Canada provide protection against dumping to producers of all goods of a class or kind made in Canada. That is to say, when an imported product is invoiced at less than the comparable selling price for that product in the country of origin, we apply a dumping duty equal to the difference between the invoice price and the proper value. We give no such protection to producers who have not been able to obtain a "made in Canada" ruling. To obtain such a ruling, Canadian producers must produce an amount equal to at least 10 per cent of domestic consumption of that product. Many Canadian producers with a smaller share of the market are denied protection against dumping. Many others who