

*Adjournment Debate*

## INDUSTRY—TEXTILES—REFUSAL OF DUPONT TO PUT INTO PRODUCTION NEW POLYESTER YARN PLANT BECAUSE OF LOW-PRICED IMPORTS—GOVERNMENT POSITION

**Mr. Hal Herbert (Vaudreuil):** Mr. Speaker, I would like to quote three paragraphs out of the 1975 annual report by the Dupont of Canada Company Ltd:

The net sales amounted to \$410,219,000, that is an 11 per cent increase over 1974, which is mainly attributable to higher prices to the consumer.

The net profit in 1975, including extraordinary items, reached \$2,419,000 or 28 cents per ordinary share, compared to \$21,491,000, or \$2.70 per ordinary share in 1974.

Construction works on the latest of the company buildings, the Coteau plant, near Montreal, have progressed at a satisfactory pace in 1975, and the operation of the facilities for Dacron polyester yarn is expected in late 1976.

[English]

In the letter which the Dupont Company addressed to the Minister of Industry, Trade and Commerce (Mr. Jamieson) on March 26 of this year they point out that the present position of the polyester yarn industry has arisen for two reasons. First, imports of garments, fabrics, and yarns have pre-empted over 50 per cent of this market. The nature and the extent of these imports has caused major problems for the industry. Some are from low cost countries, some are normal competition from developed countries, and some are distress priced imports from developed countries. In total they have risen from about 25 million pounds in 1970 to over 50 million pounds in 1975.

● (2200)

This situation was exacerbated by a sudden market slowdown in the U.S. yarn market in January which has led to a collapse in prices. U. S. producers are now selling below their cost. Sales and offerings by U.S. producers have driven Canadian prices down from about \$1.30 per pound to just over \$1 per pound over the last two months.

The import supply line is a long one, particularly for fabrics and garments. Import supplies cannot be quickly cut back. As a result, when a market slowdown occurs, virtually all of the adjustment is directed to domestic suppliers. Thus when imports have 50 per cent of the market and there is 20 per cent market slowdown, the domestic suppliers can be cut back by as much as 40 per cent suddenly.

The company have just had to reduce their operating rates in their polyester facility at Kingston from 90 per cent of capacity to 50 per cent as a direct result of the above import pressures. This volume reduction, combined with the price reductions, are causing them to incur serious losses. In addition their market development program to support the fall start-up of their large new facility at Coteau du Lac is in a state of disarray. The company were to soon start hiring and training over 300 employees and now this is a questionable plan.

Employment is also being affected at Kingston. They are trying to avoid a layoff there by transferring workers to other parts of the plant, by building inventories till summer vacation period and by sharply cutting back student hiring for vacation relief.

Through the Canadian Textiles Institute they, in company with Celanese Canada and their throwster custom-

[Mr. Deputy Speaker.]

ers, have brought the polyester yarn problem to the attention of the Textile and Clothing Board and have asked them to make an urgent investigation leading hopefully to the quick implementation of remedial measures.

The Du Pont Company then comment on their new facility at Coteau du Lac. This plant can make a significant contribution to the domestic economy and to the balance of trade. It will be a serious setback to all associated with this venture if it is made non-viable by imports, particularly since it is the most modern facility of its kind in the world and well able to deal effectively with normal competition.

The company vice-president who wrote this letter to the Minister of Industry, Trade and Commerce concludes that this is an urgent matter for Du Pont of Canada as they are faced with a decision on Coteau du Lac in the next few weeks. Therefore they are asking for a review of the polyester textured yarn situation at the earliest convenience following the board's recommendation.

This same gentleman, the executive vice-president of Du Pont of Canada, appeared before the Senate Standing Committee on Banking, Trade and Commerce on February 18 of this year. He outlined the position as he found it to the Senators, and received a sympathetic hearing. He stressed the need for urgency in arriving at some decisions.

That is why I posed my question to the minister when the company announced that, due to the delay and the tardiness in arriving at a decision, it was forced to stop the introduction of its new plant at Coteau du Lac which was built at a cost of \$50 million, resulting in a loss of 325 employment opportunities at Coteau du Lac and a layoff of 125 permanent employees at Kingston and the decision, as I mentioned earlier, to cut back entirely on their summer student hiring program, some 200 positions.

In view of these circumstances I implore the Minister of Industry, Trade and Commerce to realize that we cannot wait several months. We must have a decision in the very immediate future.

[Translation]

**Mr. Marcel Roy (Parliamentary Secretary to Minister of Industry, Trade and Commerce):** Mr. Speaker, first of all I would like to congratulate the hon. member for Vaudreuil (Mr. Herbert) for expressing his concern to the House about the expansion of the Du Pont company which planned the construction of a new \$50 million polyester plant at Coteau. He indicated to us how many jobs would be created by such expansion and also expressed his interest concerning the generation of summer jobs for students.

This matter is all the more interesting that it concerns a dynamic and efficient company. As the vice-president of Du Pont said when he appeared before the banking, trade and commerce committee, all the studies undertaken by the government and by experts from outside indicate that Du Pont can compete with most of the foreign countries as regards production costs. He was speaking, at that time, of polyester yarn. Once again, I quote: "We can meet our responsibilities towards the consumer".

The government has received many protests because of the problems faced by polyester yarn producers and caused by bad market conditions and the supposedly disastrous reduction of import prices.