

Textile Industry

[Translation]

INDUSTRYSTATEMENT ON GOVERNMENT POLICY—
TABLING OF DOCUMENT

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): In a few moments, Mr. Speaker, I would like to table a document on the policy concerning textiles. Copies of this document were given to the opposition parties immediately after it was approved by the cabinet this morning.

During the few minutes at my disposal, I will try to sum up this document by quoting parts of it.

Mr. Speaker, this new policy is the result of a review carried out by my department with the assistance of all other interested government departments and in consultation with industry management, the unions and the provincial governments directly concerned.

The reasons for this review were threefold: Firstly, major and fundamental changes in world technology, production and market demand.

Secondly, present policy designed to cope with the problem of "low-cost" imports have become increasingly difficult to administer.

Thirdly, the textile companies, the unions and the provinces have expressed concern about the adequacy of the present policy in terms of future investments and employment in the industry and the impact of these on regional development.

Then, Mr. Speaker, I give the list of all factors which had to be considered and which were taken into account in the establishment of the new policy: the contribution which the textile and clothing industries can make to the Canadian economy as a whole; the need for employment stability; the regional and local implications on economic development; the interest of the consumer; our important export trade; and our international responsibilities.

I then analyse very briefly the state of the textile and clothing industries in Canada. Among other things I say: Under existing policies, as applied over the last 10 years or so, the Canadian textile and clothing industries have made significant adjustments to changing conditions and a considerable degree of modernization and restructuring has taken place.

Contrary to opinions sometimes expressed, these industries are as efficient technologically

[Mr. Macdonald (Rosedale).]

as those of any other country including the "low-cost" producers. They successfully compete in the Canadian market over the whole range of their output with imports from Western Europe and the U.S.A. However, despite their high levels of efficiency and productivity, they are not able to compete on most standard-type products with imports from "low-cost" or "low-price" suppliers—Japan, the developing countries and state-trading economies—because of the wage differentials or export pricing policies of these countries.

• (2:20 p.m.)

[English]

I turn, then, to some comments on the world textile situation. I underline the fact that textiles and clothing have been major exceptions to the post-war pattern of significant tariff reduction and trade liberalization under GATT. World tariffs have remained relatively high. Many industrialized countries, particularly in Europe, unilaterally impose restrictions against Japan, developing countries and state-trading economies in connection with cotton, synthetic and wool textiles. This results in a double penalty on the Canadian economy. In the first place, the restrictions by other industrialized countries lead to increased pressures from low-cost competition on the relatively open Canadian market.

Canadians can hardly be accused of not having done their best to accommodate low-cost suppliers; the record is there to demonstrate this assertion—and you seem to agree, Mr. Speaker.

In the second place, other countries have severely limited the access of Canadian textile and clothing exports, and the attainment of full competitive potential in Canada has been limited by the slow progress in the liberalization of world trade in textiles.

These are the facts of the matter, and I hope all hon. members will bear them in mind when they criticize me in one way or another.

There were three possible options open. The first was what I call the open door policy. I shall describe what it would do and what it would mean. Among other things it would mean that Canada would have decided unilaterally to forgo the possibility of developing and effective and viable textile industry because of the restrictive policies followed by other countries. I suggest we cannot afford such a luxury.