

EXTERNAL AFFAIRS

KIDNAPPING OF FORMER ITALIAN PREMIER, ALDO MORO—
EXPRESSION OF HOPE FOR EARLY RELEASE—MOTION UNDER
S.O. 43

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, under the provisions of Standing Order 43, I move, seconded by the hon. member for York West (Mr. Fleming):

That in view of the kidnapping this morning in Rome of former premier Aldo Moro, a political figure respected internationally for his integrity and stature, this House express to the government of Italy the deep shock felt by this House and by the people of Canada upon learning of the kidnapping, and express the hope and prayers on Canada's part that Mr. Moro be freed unharmed and soon.

Some hon. Members: Agreed.

Mr. Speaker: Order please. In accordance with the provisions of Standing Order 43, such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The House has heard the terms of the motion—

Some hon. Members: No.

Mr. Speaker: Oral questions.

ORAL QUESTION PERIOD

[English]

INDUSTRY

TRADE IMBALANCE RESULTING FROM AUTOMOTIVE PACT WITH
U.S.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I want to put a question to the Minister of Industry, Trade and Commerce regarding our trade deficit in the automotive account that we note has risen 8.5 per cent to \$1,088 million. The minister is quoted as having said on the CTV program "Question Period" recently:

We've done very well in the auto pact; we've only lost about a billion in parts.

He is also quoted as saying:

More agreements similar to that might help Canada.

I ask the minister if he is aware that we have had five consecutive years of trade deficits in the automotive account. That amounts to \$5,653 million and represents 39 per cent of our total balance of payments deficit over the past five-year period. The Canadian study done on the auto pact by his department indicates that the share of new trade would decline because new investment is being concentrated in the United States. Does the Minister still believe that the government has

Oral Questions

done very well, noting the effect the automotive trade imbalance is having on our balance of payments?

● (1417)

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, there are many ways to look at the automotive pact. We gain in employment. We have 11.2 per cent of the employment in the automotive pact, and we have about 8.9 per cent of the market. Actually, our exports of automotive vehicles and parts increased something like 25 per cent last year. I hope that with the efforts we are taking in 1978, we will come much closer to balancing automotive trade between Canada and the U.S. in total parts and vehicles. The 8.5 per cent which the hon. member speaks of, if he compares that with the inflationary rate he will see that we are holding our own very well.

Mr. Kempling: Mr. Speaker, I would never consider a trade imbalance of \$1,088 million as "holding our own very well." Be that as it may, the automotive agreement is a bilateral agreement between the Americans and Canadians. However, from the Canadian side it is a multilateral agreement.

I ask the minister why the government has not negotiated with the Americans for a North American content in automobile production and specified this by agreement as to the percentage of components we could have in that content. Why has he not done this, to offset the terrible loss in automotive parts that we are suffering at the present time?

Mr. Horner: Mr. Speaker, our exports of automobiles increased something like 26 per cent last year over 1976. In order to increase our export of vehicles, we have to import parts to put into the vehicles.

An hon. Member: That is intelligent.

Mr. Horner: If our vehicle exports increase, then it is understandable in the agreement that many more parts might have to come into Canada in order to allow us to increase our exports of vehicles. If the hon. member is suggesting that we go to the United States and renegotiate the automotive pact, that is a thought which we have considered from time to time. But we have not given up on the auto pact. We believe that with a great deal more encouragement we can get more parts manufactured in Canada.

Mr. Kempling: Mr. Speaker, I am not suggesting that we necessarily renegotiate the auto pact, because it is an ongoing process. I am concerned about the parts which come in from Brazil and Mexico. I am talking about North American content. I ask the minister, what negotiations is he having with Chrysler Corporation regarding the closing of their truck plant in Windsor? Is he aware that we will lose 800 jobs? Does he know what effect this will have on our balance of payments and balance of trade? Also, what effect will it have on Chrysler's Canadian value added equation in the auto pact agreement?

State. Does the minister still believe that the government has