

*Customs Tariff*

both in respect to the language of the items as proposed and in respect to the rates of duty to be imposed.

I should also like some explanation from the minister concerning why the dimension 10½ inches or more was chosen for the proposed amendment to item 399 because in the pipe manufacturing business the variation comes at 16 inches and not at 10½ inches, and I am uncertain why that latter figure was chosen unless it was in the old item which was before the tariff board for consideration and with regard to which they made such a definite recommendation.

**Mr. Fleming (Eglinton):** The discussion seems to have dealt with items 397, 399 and 384 together, and perhaps it would be better if, for that reason, I dealt with all three together in my remarks.

The tariff at the present time has two relevant items; 397a, pipe not more than 10½ inches in diameter, and the rates are B.P. 15 per cent; M.F.N. 22½ per cent; general, 30 per cent. I may say at once to the hon. member for Ottawa West that that is the origin of the 10½ inch diameter which is mentioned in the amendment which will shortly be introduced on item 399. The other item in the present tariff is 397b, pipe more than 10½ inches in diameter, and the rates are B.P., 10 per cent; M.F.N., 15 per cent; and general 20 per cent. It is important to bear in mind that there has been a drawback of 50 per cent provided in the case of pipe used for gas transmission lines.

**Mr. Benidickson:** There has been; that is being abolished by this legislation.

**Mr. Fleming (Eglinton):** Yes, I will deal with that. In addition, remissions have been granted on pipe used for the construction of oil pipe lines. That is the situation as we find it at the time of the tariff board inquiry. Now the tariff board conducted its inquiry and made certain recommendations. As has been suggested already, the resolution contains certain departures from the recommendations of the tariff board and, I submit, for good and sufficient reasons. It should be borne in mind that these are items which, under the terms of GATT, had to be negotiated with the United States, and try as we might we had no chance of coming out of these negotiations with the recommendations of the tariff board inviolate.

**Mr. Benidickson:** Would the minister indicate what he did trade, finally, in that respect?

**Mr. Fleming (Eglinton):** It is not customary to indicate the various stages in the bargaining. We might have to bargain again with

the United States at some time, and I think the hon. gentleman will realize that the practice in this respect is a sound one—not to attempt to retrace the various stages in the bargaining. But we did the best we could in the course of the negotiations and I think that in the event, having regard to the fact that there were bargaining and negotiating on both sides for quite an extended period, the result, though not entirely of our choosing, can be regarded on the whole as reasonably satisfactory to both sides.

To turn now to item 397 in the resolution which covers pipes or tubes of iron or steel not otherwise provided, with plain or processed ends whether or not coated or lined, here I intend to confine my comments to the rates under the British preferential and the most-favoured-nation columns because the general rates have, I think, only academic interest. The tariff board's recommendation with respect to pipes and tubes of iron or steel was British preferential, 12½ per cent; most-favoured-nation, 22½ per cent. The resolution now before the committee contemplates the following rates: British preferential, 12½ per cent; and most-favoured-nation, 20 per cent.

It will be seen that we have emerged from these negotiations with the same British preferential rate, and a reduction of 2½ per cent in the most-favoured-nation rate. I am going to make a comment a little later about that 2½ per cent. Perhaps I might just say now before I return to the item on skelp, that this reduction of 2½ per cent as compared with the tariff board's recommendations is offset by the 2½ per cent reduction in the rate on skelp under the present resolution as compared with that recommended by the tariff board.

**Mr. McIlraith:** Before the minister leaves item 397—

**Mr. Fleming (Eglinton):** I have not left it yet. Under the general purpose pipe item, 397, the British preferential rate proposed is that recommended by the tariff board, that is 12½ per cent. I wish to make that quite clear. And I have stressed the fact that the reduction on the skelp item—the material—of 2½ per cent offsets the reduction of 2½ per cent in the most-favoured-nation rate on the pipes and tubes under item 397. The effect of our proposal as compared with the recommendation of the tariff board is, first, to increase the effective margin of protection under the British preferential tariff and, second, to retain the effective margin of protection under the most-favoured-nation tariff. That is the net result of the change.