

*Canada-U.S. Automobile Agreement*

will result. There will also be useful but, nevertheless, ancillary results, a number of which have already been mentioned. As part of this expansionary program there will be a distinct move toward the lowering of trade barriers between the two countries. This in itself is desirable, and I think all hon. Members will agree in this regard.

No one I think is seriously suggesting that this particular agreement is devoted to, or has been consummated for the sole purpose of removing barriers, but this is a useful consequence of the agreement—not the main objective or purpose of it. Similarly, there will be marked advantages to our balance of payments position. This again is not the main objective of the agreement, but is a useful consequence. There will be a marked rationalization and improvement in efficiency in the Canadian automotive manufacturing sector. This is not the main objective of the agreement, but a very useful consequence, indeed.

If one bears in mind the principal objective of the agreement, I think perhaps some of the misapprehension will tend to disappear. Basically the mutually beneficial agreement we have entered into with the United States provides for the removal of the tariffs and other impediments to trade between the two countries in the motor vehicle and original equipment parts. The agreement provides that the United States will seek Congressional authority during the current Congressional session to enter into a free trade agreement in respect of original equipment parts produced in Canada, and to make such free entry treatment retroactive to the signing of the agreement.

I am pleased to be able to report to the House that a bill to this effect, of which mention has been made, has been introduced in Congress with the full support of the administration. Furthermore, the first round of Congressional hearings leading to the passage of this bill has been completed, with leading representatives of the administration, the automotive industry and, indeed, trade unions of the United States, coming out in full support of the agreement.

The measures on the Canadian side were brought into operation by Order in Council in January of this year. The agreement itself will come into full operation on both sides of the border as soon as Congress has enacted duty free entry into the United States and the resolution presented to Parliament has been approved by the Canadian Parliament.

The measure was brought into force on January 18 of this year to enable the industry

[Mr. Drury.]

in Canada to proceed without delay with the implementation of plans to increase production and employment. Because the industry was already well along with its plans of production scheduling for the model year 1966, any delay would have made it difficult to proceed with expansion plans in the forthcoming model year. As a consequence it was highly desirable that the industry be able to take the greatest possible advantage of the record expansion of the North American market for vehicle and original equipment parts. In order to achieve expansion and greater efficiency, as rapidly as possible, a new intergovernmental agreement was adopted, making it possible for Canada to launch a program which will obtain, in my view, enduring benefits for Canadians. Furthermore, it represents a joint approach by the two Governments which recognize the existence of the special situation confronting the industry.

I repeat, the basic objective of the plan is to provide a rapidly expanding market for Canadian motor vehicle and component producers. In this way production, trade, employment and efficiency will be increased to a substantial degree. In order to enable Canadian vehicle and parts producers to achieve these objectives, a number of improved objectives have been incorporated in the program. Not only are these to attain expansion in the industry and its work force, but they are also designed to enable producers to make the necessary adjustments within the framework of expanding output.

Mention has been made of the fact that in the agreement with the United States there was no provision for safeguards in spite of the interests of Canadian consumers, automobile workers and small parts manufacturers. I would agree that such safeguards, such protections, are not spelled out in the agreement executed between Canada and the United States. These safeguards, these provisions to protect the Canadian element, are contained in the assurances given by all the motor vehicle manufacturers, not merely the Big Three, and prototype assurances covering the Big Three were tabled in the House over a week ago.

● (8:40 p.m.)

It will be seen from these assurances, these undertakings by the motor vehicle manufacturers and from the terms of the Order in Council defining, for the purpose of duty free entry, what is a Canadian motor vehicle manufacturer, that there is in fact the kind