

*Customs Tariff*

Tariff schemes. Perhaps it could simply be described by using the example of someone who will ship the fabric for making bluejeans in North Carolina across the border to Mexico for the assembly of that particular garment and return it to be stamped "Made in America". While a minimal duty is imposed by the Americans on the cross border shipment for the value added based upon the labour, the fact is that it is accepted as a "Made in America" product. Therefore, there is an assumption that once those articles are in circulation they can find their way into the trade flow into Canada.

While the research staff of the committee and the trade negotiators office gave certain assurances that the proposed trade agreement with the Americans takes this problem into account, they were not prepared to answer serious questions about how the enforcement of this mechanism would work. Unfortunately, the motion I made at the committee to have Mr. Reisman or Mr. Ritchie appear before the committee was not heeded by the majority.

However, it is important to point out to Members of the House that this matter will be examined by the committee next Tuesday. Mr. Ritchie has agreed to appear before the committee a week hence, to try to describe the way in which the free trade agreement that was initialled last October will be capable of enforcing this particular and very dangerous tariff-free movement of basically Third World goods into Canada.

I think it would be irresponsible for the House not to delay voting on this matter until we have had an opportunity to hear the trade negotiators themselves explain their position. I compliment the Member for Ottawa Centre for introducing this amendment. If nothing else, it brings to our attention that we should not agree to the initiatives in this clause, and certainly in the free trade agreement, until this Parliament receives a proper explanation.

I caution the Government about proceeding with this initiative because the trade negotiators office is still deeply concerned about this aspect of it. The Government is really caught in a dilemma. The Government may say that the rules of origin section of the trade agreement provide it with the legal right to keep the Maquiladora products out of Canada. That implies two things: First, that all U.S. exporters will work on good faith and would never believe that they would commit a fraud by shipping to Canada a product clearly labelled "Made in America" as something that has been manufactured totally and completely in the United States. Certainly we have enough experience with various trade problems to know that one cannot always rely on 100 per cent good faith and honesty of those who are selling goods into this country or, for that matter, our selling goods to other places. There is always a degree of chicanery involved in these efforts.

The second implication is that in order to enforce this, it would require a host of customs agents at our own borders conducting the most extensive examinations possible.

The Minister for International Trade (Miss Carney) has suggested to consumers and all Canadians that the proposed

free trade agreement would basically be a recipe to open our borders. People can imagine themselves coming to Winnipeg from Fargo with their arms loaded with VCRs and TVs that are totally tariff-free. We know that will not be the case.

There would be a legion of customs agents at the border who would essentially have to dismantle every item to ensure that it was not manufactured in another country. If anyone believes that it is difficult to get across the border now, wait until the agreement. Customs agents will be required to conduct incredibly detailed investigations. Surely the Conservatives can understand that. Even those simple-minded champions of free trade will realize that they are caught in a hell of a dilemma on this matter.

If these requirements are not strictly enforced Canadian businesses will be faced with unfair competition. Rather than a level playing field, it will be very tilted because of the opportunity to totally undermine the input costs into many materials, including clothing, electronics and machinery. These are items now being manufactured with American components in that area of Mexico.

I want to refer to a report in the United States which has clearly indicated that this particular procedure is not without controversy in its own country. Opposition in the United States has come from organized labour, which contends that the Maquiladora investment by U.S. firms has the effect of exporting jobs. That is what would happen here.

Either a large number of Canadian manufacturers would lose out under this system, or we would be forced to begin trying to compete with these low cost manufacturers. That would mean a substantial decrease in wages, social and health standards and other basic infrastructure that Canada has prided itself on building up over the past several years.

The Conservatives are not telling it as it is when they say that matters of social policy will not be affected by this agreement. They are not describing the real situation. They know that even without the Maquiladora process the low minimum wages and the low standards in the right to work states in the south will result in uneven competition. When one adds the aggravation of having products being made under the wage scale of 65 cents an hour, who in Winnipeg, Saskatoon or Halifax will be able to compete without fundamentally changing the kinds of wages our workers are paid or changing the standard we apply to our environment, health and labour? That is the dilemma facing the Government and for which it has yet to answer.

There must be an answer to this particular dilemma. Therefore, I suggest that at least until Mr. Ritchie appears before the committee next Tuesday morning to address this problem, the House should recognize the validity of this amendment or at least delay a decision until Parliament and the country knows exactly how the Government proposes to contend with one of the most serious challenges facing Canadian manufacturing in centuries.