

*Customs Tariff*

Tariff items 380 (2) and 380 (3) differ from the tariff board recommendations in the following respects: First, wide-flange beams more than 18 inches in depth will be free of duty under the most-favoured-nation tariff as long as they are not made in Canada, instead of being dutiable at \$5 per ton. That is the decrease.

Second, wide-flange beams more than 10 inches in depth, when they are made in Canada, will be dutiable along with other such structural steels at the British preferential 5 per cent and the most-favoured-nation 10 per cent instead of being duty free under the British preferential tariff and dutiable at \$5 per ton under the most-favoured-nation tariff as recommended by the board. That is the increase.

**Mr. Benidickson:** In other words, the place where we find the change is in the wording of 4b. The resolution itself says "when not made in Canada" and that distinction was not in recommendation No. 4b of the tariff board.

**Mr. Fleming (Eglinton):** That is correct.

Item agreed to.

Items 380a and 381 agreed to.

Customs tariff—381a. Plate of iron or steel, flanged or dished: British preferential tariff, 5 per cent; most-favoured-nation tariff, 20 per cent; general tariff, 30 per cent.

**Mr. Benidickson:** I would like to ask the minister to explain his reasons for departing from the board's recommendation in this respect. From reading the tariff board report I gained the impression that the average value on the product with which we are concerned here is a value of approximately \$200 per ton. The board made a tariff import recommendation much below what the duty would be under the proposal of the minister and I wonder if he would give us an explanation.

**Mr. Fleming (Eglinton):** The tariff board recommended in their item 6b the rates of \$5 per ton British preferential and \$8 per ton most-favoured-nation. The rates formerly in effect were: British preferential 5 per cent and most-favoured-nation 22½ per cent.

Following the publication of the tariff board report the government received strong representations from Canadian producers of flanged or dished steel plate, objecting to the tariff board recommendations. They pointed out that the effect of the tariff board recommendations would be that their raw material, namely steel plate, would be dutiable at 10 per cent under the most-favoured-nation tariff, whereas the duty on their finished product at \$8 per ton would be substantially less than the 10 per cent. Since the most-favoured-nation duty on steel plate is being reduced by 2½ per cent it was considered that a

similar reduction in the duty on flanged or dished steel plate would be appropriate and consequently the most-favoured-nation rate of 20 per cent is proposed. The British preferential rate of 5 per cent formerly in effect remains unchanged.

**Mr. Benidickson:** Just assuming that the value of this product is \$200 per ton, one can readily see that a 20 per cent tariff, in so far as the most-favoured-nation rate is concerned, amounts to \$40 per ton, and under the proposal of the tariff board the rate would have been \$8 per ton. There is therefore a very substantial increase in the cost to the purchaser. The reference behind the recommendation No. 6b is to be found at page 107 of the report, where the tariff board, after looking at the situation said:

Plates of iron or steel, flanged or dished, per ton, \$5, \$8, \$15. This recommended sub-item is intended to replace that portion of existing item 380(c) dealing with flanged or dished plate. These forms of steel are not produced in Canada by basic steel producers and normally must be imported by steel fabricators, particularly in the larger sizes, for incorporation into pressure vessels etc. The recommended rates of duty would permit the importation of these important components for pressure vessels at rates considerably reduced from those at present in effect.

I just cannot reconcile that with the explanation of the minister concerning the Canadian product.

**Mr. Fleming (Eglinton):** I would remind my hon. friend that the report of the tariff board was signed on February 28, 1957.

**Mr. Benidickson:** Just a year ago, or a little over.

**Mr. Fleming (Eglinton):** It is a year and a half ago, and we received these representations from Canadian producers which brought to our notice some information additional to that contained in the report of the board.

I also point out that what is involved here is a reduction in the present tariff rate. While the British preferential rate remains unchanged, nevertheless there is a reduction of 2½ per cent in the most-favoured-nation rate, and I am told that this means \$5 per ton, approximately.

I can tell my hon. friend that if any situation arises—and he is familiar with the way in which these situations do arise in connection with procedures in the department—where it is found that there is some material which is not available in Canada and that some Canadian processor is faced with a tariff on his material, we will be glad to look into such a situation and if warranted arrange a temporary reduction. However, we are satisfied that these products are available in Canada and that the proposed reduction is fair and realistic.