

Customs Tariff (No. 2)

contributing to inflation and that generally appliances had not risen in price for some time?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, first of all I want to say that over the past year in this country the price increases on durables have been fairly modest. It certainly has not been contributing to the general rise in the cost of living. I agree with what the hon. gentleman says in with what the appliance manufacturers complained about in the sense that they reasserted that they had not been contributing to the price increase.

What we did want to assure, of course, was that the industry would remain competitive, so I merely reduced the duty on appliances from 20 per cent to a temporary rate, until February 19 next year, of 15 per cent. This is the same rate that has applied for several years on other durable consumer goods—radios, television sets, dish washers, air conditioners. This reduction would not unduly prejudice them and they certainly would be able to sustain their position against foreign competitors, importers. In addition it would be a benign competitive pressure in favour of the Canadian consumer.

Mr. Ritchie: Would these imports be in large quantities from the United States or from the European Common Market and Japan?

Mr. Turner (Ottawa-Carleton): Largely the United States, Mr. Chairman.

Mr. Frank: Mr. Chairman, I should like further clarification. In the event that this bill is given third reading without any change to this trailer tariff, what happens then? Do they have to wait until February or March next year, or is it the minister's problem to take it off as a result of pressure? I think this is a very important matter for this industry. I have the largest manufacturer in my riding. They employ 550 people in a small town plus 800 in three other factories, so it is important to them to know where they stand.

Mr. Turner (Ottawa-Carleton): Mr. Chairman, because the government wants to assure itself that it is not making mistakes, we stand willing to be corrected on the basis of adverse effects on employment or production or competitive ability of Canadian producers. For that reason, we made a temporary reduction. If the hon. gentleman is good enough to look at clause 3, subsection (3), on page 3 of the bill, he will see that at any time between third reading of the bill, whenever that should be, or when Royal Assent is given to the bill, whenever that should be, and February 19, 1974, or prior to the 20th day of February, 1974, if a case is made out, the Governor in Council may restore the tariff to where it was prior to February 19, 1973, last February, when I brought down the budget.

In other words, there is no rigidity at all. If the mobile homeowners association will reply and fix a date, we will listen to their case. If they have a case, we have the flexibility under this clause to do something about it.

Mr. Hargrave: Mr. Chairman, I should like to address a question to the Minister of Finance to follow on my closing remarks during the second reading debate when I referred to the Flanagan report in the United States. This

[Mr. Ritchie.]

report studied the relative competitive advantages with the industry down there. In view of the upcoming GATT meetings and the interest in them, if the minister has not already received a request from the Canadian Cattlemen's Association I am sure that he will. Is he prepared to try to find some clearcut answers to the competitive position of the Canadian beef industry vis-à-vis the American beef industry as it affects cost inputs? I am thinking primarily of the feed grains input. Can the minister comment on the possibility of a Canadian study of relative costs similar to the Flanagan report?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, we are going to be looking at all the relevant factors, including cost factors as between Canadian and American producers or as between Canadian and foreign producers, prior to the GATT negotiations. Some of the statements made tonight, yesterday and Friday were critical of the alleged unilateral action on the part of the Canadian government in presenting these proposals. As I understand the argument, it was that we should have obtained reciprocal concessions from the United States or some of our trading partners prior to bringing these temporary reductions before the House of Commons. The argument is that allegedly our bargaining position has been weakened.

There are a number of answers to this. The first is that these are temporary reductions. They expire on February 19, 1974, well before any GATT negotiations become conclusive. It has become apparent that the forthcoming round of GATT negotiations is not imminent as it was once believed to be. It is our view, on the basis of advice we are getting from our friends in the United States and in the European Economic Community, that the talks on tariffs probably will not begin until late 1974, long after these temporary reductions are history.

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The important factor influencing the shape of the negotiations is the amount and form of negotiating authority or discretion to be given to the President of the United States under the trade reform bill which is now before Congress. At one time we anticipated that the House of Representatives would deal with the matter early this year and that the Senate would be dealing with it during the summer, but events down there have thrown any schedule out of kilter. Speaking practically, we do not believe that the President will be given authority in time, under the trade reform bill, to make the preliminary negotiations in Tokyo, and later in Geneva this fall, meaningful.

That being so, speaking practically, we will be negotiating in late 1974 and throughout 1975 for tariff reductions which may come into effect at the earliest in 1977 and possibly much later.

I want to make it clear that before the start of the forthcoming negotiations, or before the forthcoming GATT round, the government intends to consult extensively with the business community, the labour community and the agricultural community. Indeed, the Prime Minister gave that undertaking to the provinces as well as the meeting here in Ottawa of the Prime Minister and the premiers of the provinces. We said that consultations with the various sectors of the Economic Community and with