

Customs Tariff

has pointed out, we have in this particular Bill a very clear indication that most-favoured-nation treatment, which is based upon the principle of non-discriminatory tariff rates for other countries, may run contradistinction to the kinds of proposals being made under the trade proposal with the Americans. We are concerned about the manipulation of those different rates, which could take place without any public understanding or recourse to this Parliament, to determine whether a change is in the public interest.

The harmonization of rates that were agreed to under the previous GATT round, to which this Bill is giving implementation, is based on what I think is a crucial, fundamental principle of Canadian trade policy, that is, the application of non-discriminatory tariffs to all countries, and one of the unfortunate and debilitating effects of the proposed agreement with the Americans will be to set out discriminatory trade tariff rates that will work against that basic principle. Therefore, we would put ourselves in danger, I believe, of not only undermining our own trade relations with other countries who all of a sudden will wake up to find that countries which have been good customers of Canada are now treated to a discriminatory set of tariffs and that the Americans will get preferential treatment to the Japanese, the Russians or the Europeans.

This Parliament itself has not had the opportunity to comment on that to determine whether that version of trade may be a serious danger. Aside from our own specific trade relationships, I believe this dichotomy that we now have presents an erosion of the international trade system.

• (11:50)

I would cite for Your Honour the statements made just last Sunday night by Paul Volcker, probably one of the most highly respected financial analysts in the world and head of the U.S. Federal Reserve Bank for close to eight years. He said very clearly that the emergence of regional trading blocs in North America, Europe and other places will undermine the international trading system through discriminatory trading practices.

That is the contradiction in this Bill when compared to the free trade agreement. You are saying to one class of customer that they will get preferential treatment. If that happens we will be back to where we were in the 1930s. Rather than having individual countries raise tariff barriers or treating one country differently from the other, we will now be doing it on a regional basis. We have brought the jungle-like atmosphere of the 1930s into the 1980s and 1990s and with the same effect, that is, trade wars on an international level between regional trading blocs.

The problem we have in this Parliament is that it is hard to get at the issue, which is what I was saying earlier. How can we raise these kinds of problems when we are subjected to a flying circus approach to the whole deal? We do not have an agreement, but we have a committee going through a farcical

exercise of holding hearings. Yet there will be no opportunity to raise these very relevant questions.

We have in front of us an important Bill which deals with harmonization of international trading rights, which the Government wants to pass before we have an opportunity to determine the impact of the free trade agreement. We cannot do that because we have not seen the final agreement. That agreement will contain all the tariff rates and schedules. When I referred to an absurdity, that is the point I was trying to make. We are once again facing a legislative conundrum. We do not have an opportunity to look at an important piece of legislation from the perspective of how it will be affected by the free trade proposals now being made because they are still up in the air.

In conclusion, I can only say that, contrary to what the Parliamentary Secretary was saying, these are important amendments and should be supported.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the basic purpose of this Bill is to establish a new harmonized system of tariffs between major trading nations, including Canada. There is no country for whom the question of tariffs and their effect on trade is more important than Canada. To a large extent we live by our ability to trade. Unfortunately, in recent years we have been faced by large groups of countries that are using tariffs and non-tariff methods to improve trade between themselves and restrict trade with other countries.

The European Economic Community has been extremely effective at removing tariffs between countries that belong to the community, and making it more and more difficult for other countries, including Canada, to sell to that community. The U.S. has followed a similar policy. Japan, that country to which we are urged to look as an example of how a free enterprise economy operates, has the most efficient and effective system of tariff and non-tariff barriers in the world. These include impossible standards which have to be met before one can sell to Japan. This has created tremendous difficulties for us.

A whole new set of difficulties will be created when this so-called free trade agreement with the U.S. is finally signed and put into effect. In the period before the 1984 election, the Prime Minister (Mr. Mulroney) and his Minister of Finance (Mr. Wilson) derided the possibility of a free trade agreement with the U.S. On one occasion I think the Prime Minister compared it to an elephant dealing with a rabbit. That was the relative strength and power of the two countries as the Prime Minister saw it at that time.

During the election campaign, there was not a single mention of the possibility of a free trade agreement with the U.S. Then, because the Government saw that for more than a year it had been down at the bottom in support, based on polls done by Gallup, Angus Reid and *The Globe and Mail*, and looking for an issue which might bring it back, suddenly it brought forward the concept of a free trade agreement.