

*Export Development Act*

measure asking for a major extension of the financial limits set in this legislation. I want to say that we in the New Democratic Party feel that the provisions for export insurance, export loans and guarantees are important and useful within the context of our over-all trade policy. To the extent that this assists in filling the objectives of our trade policy we certainly do give our support to it. However, within the framework of the program as presented, and as it has developed, two concerns were expressed at the time this legislation was first passed almost two years ago. I feel these concerns must be expressed again today.

The first concern is in respect of the export of raw materials and semi-finished materials by Canada to foreign nations. As I mentioned this matter was raised during the debate on second reading of the original export development bill. With regard to the operations of the act which is before us, I note that the 1969 annual report classifies exports for which insurance was provided in the year 1969. The 1969 annual report is the most recent report available. The annual report indicates that considerable emphasis is being placed on programs or policies to ensure the export of fabricated materials and their products. This, of course, is rather difficult to judge because of the fact that in the area of fabricated materials, which constitute something like two-thirds of the total amount of exports which were insured, there is a considerable amount of what would appear to be semi-processed materials such as wood pulp, for instance, which by itself constitutes almost 20 per cent of the total amount of exports insured under this program in 1969.

I also examined the loans and guarantees provided under section 29 of this act and the performance in that regard. In my analysis of those loans and guarantees as listed, there would seem to be an indication that some emphasis has been placed on the export of finished products.

The second major concern which has been referred to in discussion of this bill has to do with the percentage and proportion of our trade carried on with the United States.

● (3:30 p.m.)

I wish to make it quite clear that so far as we are concerned we are in favour of trade with the United States, our large neighbour to the south, when this makes good economic sense in terms of promoting the wellbeing of the people of this country. However, I think it must be said that a question does exist in the minds of many Canadians concerning the extent of our trade which is carried on, not because it makes good economic sense, but in fact because it is promoted by the corporate links that exist between companies in Canada and the United States. This, of course, does involve another issue which is of great importance to Canadians and with which I shall deal a little later.

I think the seriousness of this problem was noted by the Minister of Industry, Trade and Commerce (Mr. Pepin) in his year end review where he attempted—and I suppose I cannot blame him for doing this—to show that in fact some better balance was achieved in Canada's

[Mr. Burton.]

trade performance in 1970 than in some previous years. He pointed out, as indicated on page 4 of his statement, that there was a marked slowdown in Canadian exports to the United States in 1970, and in elaboration he stated that the gain in Canadian exports to the U.S. may account for less than one fifth of the total increase in Canadian exports. By contrast, the U.S. accounted for seven eighths of the advance in the total value of Canadian merchandise exports in the period 1965 to 1969 inclusive. Then, the minister went on to give some of the reasons why he felt this change in pattern had come about in the year 1970. He indicated that it was due, firstly, to general economic conditions in the U.S. and, secondly, to a slowdown in the automotive sales in the U.S. and the finally upward change in the value of the Canadian dollar.

The minister went on to summarize by stating that the much sharper rise in Canadian exports to overseas markets than to the U.S. has increased the share of Canada's exports going to overseas countries from 29 per cent in 1969 to 35 per cent in 1970, while the share going to the United States has declined correspondingly from 71 per cent to 65 per cent. I suppose I cannot blame the minister for bragging a little about the improvement that did take place in 1970 as compared to 1969, but I think that the basic point that must be noted is that a very bad state of affairs does exist in respect of our over-all pattern of trade. At the same time, we should also take note of the prospects for 1971. This, of course, is of relevance in terms of dealing with the direction which the export credit program should take in the future. The minister noted that there were grounds for optimism with respect to Canadian exports in 1971, and several items that he mentioned referred to U.S. conditions.

I might note, without going into details, that the implications, as I read them, are that in fact we will once again see an increase in the percentage of our trade with the U.S. in 1971. I note as well in the report of the Export Development Corporation for 1969 that the direction of the insurance programs, as they have been carried out, has been such as to at least encourage some shift in our trade because I note, looking at the 1969 annual report which sets out an analysis by countries of actual risks undertaken during 1969, that 11 per cent of those risks were underwritten for trade with North American countries; 13 per cent with central American and Caribbean countries; 17 per cent with South American countries; 2 per cent with the Middle East; 4 per cent with Africa; 9 per cent with Oceania; 8 per cent with the Far East, and 36 per cent with Europe. Certainly, this is the type of trend that I would hope to see continued in future years by the corporation. I feel that, indeed, it can play a useful role in diversifying Canada's trade pattern.

There is one other area of concern with regard to this bill. It relates to the amendments to section 34 of the act which deals with foreign investment insurance. These, I consider to be of great concern to the Canadian people. This concern was first expressed by the hon. member for Waterloo (Mr. Saltsman) when the original act was debated in the House of Commons in April of 1969. He