

Customs Tariff

number of our men out of work. I would much prefer to see our men employed rather than having much of the pipe imported while our men are walking the streets and in Welland we certainly have a number of unemployed men, and this applies to the pipe industry. Granted, Page-Hersey has recently been working steadily because of the new pipe lines coming into operation in Ontario, including the trans-Canada pipe line. However, I understand that the larger mill making the big inch pipe might have to close down for six months for lack of work. I do not for one moment mean that if they got an order they would not start operations right away, but the future does not look very bright for the large pipe manufacturers.

I would like to ask this government not to increase the cost of production of pipe, particularly when a blanket or across the board tariff for pipes of all sizes is not apparently being considered.

Mr. McIlraith: Mr. Chairman, I would like to make a few remarks on this item. As one who has had occasion to appear professionally before the tariff board in connection with reference 119, I wish first of all to express the view that the work of the tariff board in connection with that reference and also in connection with reference 118 deserves the commendation of this house. It was thorough and was spread over a period of months; the board was painstaking and heard the representations of the industry and all those who might be affected by the subject matter of the reference before it; it also heard any other persons who cared to appear, and the report of the board was most interesting.

I would, however, like an explanation from the minister on what to me is the most interesting aspect of this matter, because I confess that having attended the hearings, having read the report and studied the resolution before us, I am unable to understand exactly what is the policy of the government on this matter. I say this because the tariff on the raw material for the pipe manufacturer in Canada is being increased under the most-favoured-nation classification from 5 per cent to 7½ per cent. The tariff board had recommended that that increase be to 10 per cent. Notwithstanding that 50 per cent increase in the tariff on the raw material the pipe items with the exception of oil country goods are subject to a sharp reduction.

I wonder if the minister could tell the house why this industry is being singled out by having its raw material duty increased and its finished product duty lowered. Perhaps I should make clear to

the committee the history of the old section, which I believe was 397a and which governed nearly all pipe. Each time the Canadian mills increased their capacity to manufacture pipe of larger diameter the language of the tariff item was changed in accordance with that increase. This aspect of the matter is dealt with at page 43 of the tariff board report, which says:

It appears to have been the policy of succeeding governments in Canada to alter the diameter specified in the main item, 397(a), as Canadian production came into being—from two inches and smaller in 1897, to 10½ inches as at present.

I must say that that sentence perhaps deserves a little further explanation. There was an increase in the size of pipe manufactured in Canada from 10½ inches to 12¾ inches in 1934 and there was a further increase in the size from 12¾ inches to 16 inches in 1950. Those were the only two increases until the time of the tariff board reference in 1955. At the present time all the sizes are manufactured up to 36 inches and the tariff board has said that under the board's proposal item No. 3 would include all ranges and practically all kinds of pipes or tubes of iron and steel. That is to say, they proposed following the practice of governments over the years of changing the description in the item and the language of the item as the capacity of the mills to manufacture larger diameter pipe developed. Therefore their recommendation No. 3 recommended duties of 12½ per cent, 22½ per cent and 30 per cent. In the proposal now before the committee the percentages, namely 12½ per cent, 20 per cent and 30 per cent, almost follow the recommendation of the tariff board but there is a limitation in the description of item 397 as recommended by the tariff board, with the result that a large part now falls under new proposed item 399, with the rate of 10 per cent, 15 per cent and 30 per cent.

The effect is that the tariff board's recommendations are being ignored as to the language of the items affecting pipe. There is a substantial departure in this item from the recommendations of the board, which would have the effect of bringing all pipe under the main item. The larger pipe, which is 10½ inches and more, would have the same duty as pipe under 10½ inches had before the tariff board hearings while the raw material used in production of the pipe will be subject to a 50 per cent increase in duty under the most-favoured-nation rate.

It seems to me that there are involved very serious implications for the industry and I would like to know from the minister what is his explanation for such a sharp departure from the recommendations of the board in so far as they relate to the Canadian pipe mills,