

*Canada—U.S. Automotive Agreement*

the house that the automotive industry plays a most important part in the economy of the Windsor area. By December, 1965, the employment index had risen to 105.7 with more than 47,600 people on the job. I do not intend by going into detail to remind the house which government was in office in 1962. I think it is obvious that very significant changes have taken place not only as a result of the automotive pact itself and its predecessor, the initial export incentive program of the present government, but also because of the area development program introduced by the present administration.

Take one example of a major Windsor industrial firm, the Chrysler Corporation. According to reports in the *Windsor Star* this undertaking has more than doubled in size, production and the amount of employment provided since 1962. It is at present employing more than 11,500 people according to the press report to which I referred and it was recently announced that further expansion is expected to add at least another 1,500 jobs to that figure.

One of my hon. friends has just referred me to page 4770 of *Hansard* where hon. members may find the official report of what was said by the hon. member for Oxford (Mr. Nesbitt). He is reported as having said that the Chrysler Corporation and, to a lesser degree, the Ford Motor Company, have imported all their auto parts from their wholly owned subsidiaries in the United States. If the *Hansard* reporter did not get what was said, the hon. member's quarrel is with him, not with me. I think hon. members are already aware of the investment of over \$50 million in new and improved plant and equipment by the Ford Motor Company in Windsor.

**Mr. Starr:** Would the hon. member permit a question at this point?

**Mr. Gray:** I would be very happy to accept questions from any hon. member once I have completed my remarks, if there is time. I do not think they will be too extended.

I think the house has already been made aware of the new General Motors trim plant in Windsor which it is expected will employ some 1,700 workers when in full operation. This expansion also involves independent parts manufacturers in Windsor such as Kelsey Steel. According to records kept by the Department of Industry, since this automotive expansion program has been in effect there is official knowledge of six new

plants and 28 expansion programs in the auto industry in the Windsor area.

Reference has been made to the effect of this pact on our balance of payments situation. In 1963 exports of motor parts from Canada amounted to only \$81.3 million. Had this figure continued at the same level it is apparent that the deficit today would be something like \$871.9 million rather than \$687.1 million.

It is clear that the increased export opportunities, indeed, the actual increase in exports made possible by this treaty, have helped in controlling the balance of payments deficit which would have been much higher in the absence of the agreement. The trend is such that in future, as can already be seen, this deficit will be vastly reduced.

In any event it seems to me, contrary to what was suggested by some speakers last night, that the main test of the agreement is not the balance of payments situation but its effect on production and employment in Canada. Already the treaty has had a positive beneficial effect in Canada not only upon the automotive industry but upon the economy in general.

We should note too that one of our most important aims is to give the Canadian automotive industry access to the vast United States market which, because of its larger population, obviously affords much greater opportunity than is available in Canada. If we consider this objective we find we are already making substantial progress. Exports of automobiles and parts have increased from a value of \$81.3 million to over \$265 million in the current year, an increase of more than 226 per cent if my arithmetic is correct.

This helps to answer the contention which was put forward last night that the growth of production and employment in the industry is due only to the expansion of the Canadian market. The impressive increase in exports demonstrates that our Canadian parts industry too is able to sell to the United States market and I am confident that the initiative and ability of our Canadian parts manufacturers, with the support of the Department of Industry, will lead to further expansion of their present sales in this market.

Some criticism was advanced last evening concerning the manner in which the tariff changes made necessary by the agreement were put into effect. Members complained that the changes in the tariff rates were made by order in council without reference to

[Mr. Gray.]