

Our industry's earnings are vital if our ability to serve an expanding economy is to be maintained. We estimate that \$8,000-\$9,000 capital investment per additional employee is required to expand electrical manufacturing facilities. It has also been estimated that over the next 20 years a minimum of \$1 billion in new investment will be needed. It is certain that future investment in nuclear energy projects, turbines, generators, electronic equipment, etc., will be enormous.

Unless our industry can operate under conditions which will provide a better profit margin, the capital required will not be forthcoming. In this event, an even greater portion of our market will be supplied by foreign competition. We think it necessary to stress the importance to Canada of maintaining a prosperous, progressive electrical manufacturing industry.

#### END-USE PRIVILEGES

Even more urgent, however, than an adjustment in individual tariff rates, is a review of the many end-use privileges that have been granted from time to time to certain industries which allow them to import their capital equipment free of duty, or with only a nominal duty. These end-use privileges in effect eliminate an already low level of tariff protection for the Canadian manufacturer of capital goods and in many cases no longer have any justification because these industries are now well established.

#### CLASS OR KIND RULINGS

Equally important to the development of secondary manufacture are the many tariff items governed by "not made in Canada" clauses which provide for free entry or preferential rates. There are many items of capital equipment governed by these clauses that could be and would be manufactured in Canada if "made in Canada" tariff rates applied. To get a "made in Canada" ruling, however, the Canadian manufacturer must first actually have produced this class of equipment and have supplied 10 per cent of the normal Canadian consumption of such equipment. In certain classes of major capital equipment which may take three to four years to engineer, manufacture and commission, the Canadian manufacturer who wishes to enter into this class of business must—having taken his first order in competition with the lowest foreign producer without any duty protection—wait three or four years before he can expect to get any protection on this product. In the meantime, he has to compete for three or four years with no tariff protection at all and no protection against dumping which has been very prevalent in this type of equipment.

We are gratified to note that His Excellency the Governor General, in the speech from the Throne, on November 17, 1960, stated:

You will also be asked to revise the definition in the Customs Tariff of goods of a class or kind made in Canada.

This requires some further comment, sir, because the Minister of Finance, in his supplementary budget, made certain statements in regard to the class or kind, but the argument still holds in so far as the principle goes. You are aware that the supplementary budget proposed a resolution to amend the customs tariff in regard to the determination of goods of a class or kind made or produced in Canada under certain provisions. While this was stated to come into effect the morning December 21, 1960, it is necessary that it be discussed in the ways and means committee—I think this is very important, sir—and after the necessary resolution has been passed, that it then be given a number and proceed as a bill to the House of Commons.