

It is worthy of note that no industrial country in the free world has been able to build a well-balanced and prosperous economy without establishing and continuing a tariff policy which provides for adequate customs tariff rates and duty valuations designed to encourage and develop industrial production.

Our trade policy should be sufficiently flexible to permit reasonable adjustments in tariff rates whenever a disproportionate share of the Canadian market is being supplied by imports. If the proportion of fully manufactured goods imported into Canada were even moderately reduced, such reduction would go a long way towards solving the present unemployment problem which is of grave concern to all Canadians.

*New Measures Needed to Remedy the Problem of Excessive Imports:*

Tariffs are only part of the answer to Canadian manufacturers' real problem of how to meet the challenge of unfair competition from imports, particularly those from low-wage countries. While appreciative of the steps already taken by the Canadian Government to keep imports of Japanese manufacturers within reasonable bounds, the Association questions the effectiveness of any arrangement which places the onus on a foreign country to control its exports to Canada voluntarily. Our concern over imports from Japan and other low-wage countries is on two counts, namely, price and quantity. While large volume imports from low-wage countries have already placed in jeopardy the possible continuance in business of an increasing number of Canadian manufacturers, many others are also finding it virtually impossible to compete with the laid down duty paid prices of these low cost imports. In these difficult circumstances, one of two equally disturbing business decisions must be taken by Canadian manufacturers. If the manufacturer meets the low import price which is below his manufacturing cost, he loses money, and may ultimately be forced out of business. If he fails to meet the low import price, he loses a sale, and certainly lost sales mean lost jobs, less manufacturing and more unemployment in Canada.

It is significant to note that the United Kingdom and most European countries are continuing to restrict their imports of Japanese goods by means of quotas. According to statistics published by the Ministry of Finance in Tokyo, total Japanese exports to Canada in 1959 exceeded exports to the United Kingdom or any other European country by a significant margin; Japan's exports to the whole of Europe were only slightly more than three times the value of her exports to Canada, despite the tremendous disparity in population.

It is submitted that the control of imports into Canada under any given set of circumstances should always remain under Canadian authority.

In order to cope with the present serious unemployment situation, the Canadian Manufacturers' Association believes that the following course of action should be taken by the Canadian Government at this time in the field of tariffs, namely,—

Whenever imports of any commodity, which Canadian manufacturers are capable of producing in quantities sufficient to supply the entire Canadian market, reach 10% of the annual Canadian requirements as determined from the latest D.B.S. statistics available, appropriate measures of a temporary nature should be immediately taken to help the affected industry or producer such as,—

- (i) A temporary increase in the customs import duty; this would require new legislation for use whenever Parliament is not in session. We should add that Australia has recently adopted legislation in a similar vein.