

*Trade*

On November 11 Canada tabled a long list of non-tariff barriers and restrictions to trade with regard to agriculture and fish. The Americans were not particularly pleased with that because it indicated to the world that they were not "Mr. Clean" in the world of trade. It indicated to the world that Americans were not the great free traders that they were professing to be. Much of the items tabled dealt with commerce moving from Canada to the United States. There is no doubt the proper strategy was adopted when that long list was tabled at Geneva. The United States tabled a small list, and after Canada tabled its list they realized their list should have been longer.

With regard to the non-tariff barriers, seemingly Japan, the United States, the European Common Market and the Swiss are prepared to agree on the setting up of a series of conduct codes for governments to adhere to. These codes would specifically address themselves to four areas. The first area would be government purchasing practices. Government purchasing practices have been one way in which non-tariff barriers have effectively prohibited penetration into some markets. One could list a number of countries which have government purchasing practices that prohibit our sales into their markets. If something can be done to set up a standard code of ethics for governments to adhere to, certainly it would remove many of the non-tariff barriers dealing with that subject and in my opinion help particularly the electronics and the electro-cable industries.

The second area would be subsidies, countervailing duties and restitutions in the European community. In my opinion there is not much difference between a tariff and a subsidy. I am pleased that subject matter will be dealt with and considered in the non-tariff barriers code of ethics. Custom valuation is certainly very, very important. Quite often it is used between Canada and the United States. It delays the shipment of goods. Technical barriers with respect to the trades, such as product standards, is another way in which non-tariff barriers are developed. With regard to the setting up of a code of conduct for nations, it is widely believed that a surveillance team would have to be set up to make certain that all nations adhere to that code of conduct, nations which have signed the GATT treaty.

● (1632)

Also, some thought is being given to the changing of article 19 in GATT. Article 19 now deals extensively with industries which are severely hurt by imports. Under article 19, these industries could be protected, but action must be taken indiscriminately and must apply to quotas on all nations importing to a particular country. The thought was expressed in Geneva that article 19 should be amended to allow countries to move discriminately in protecting a market which appears to be threatened. In my talks with Mr. Long, he assured me that if countries were allowed to move discriminately under article 19, a strict set of procedures would have to be established and would have to be tried out before action could be taken discriminately because, as can be readily seen, if one were allowed to move discriminately without following a particular

[Mr. Horner.]

procedure, the whole movement toward the liberalization of trade could be harmed.

**An hon. Member:** What did you say?

**Mr. Horner:** If the hon. member does not know the meaning of the word, he should look it up in the dictionary. The hon. member spoke about the textile industry and professed not to know why the Retail Council of Canada was in a quandary with respect to the purchase of textiles. As I have explained many times, in accordance with the international fibres agreement we, as Canadians, should attempt not to keep global quotas any longer than necessary. In an attempt to free ourselves of the global quotas which are now in effect in the textile sector, we would have to negotiate bilateral arrangements with the countries importing into Canada. This fall it was our hope that we could get seven of the major countries importing to Canada to agree to some bilateral arrangements. I told the Retail Council of Canada and the Textile Council that we would attempt, until January 1 at least, to establish bilateral agreements.

**An hon. Member:** Far too late.

**Mr. Horner:** That is a discretionary opinion. I believe it is not too late. The textile people believe that they must start purchasing now for next fall. I think they can start purchasing on January 1 for next fall from abroad, or they can purchase here at home for next fall. We just moved under article 19 to protect the shoe industry in Canada. We have made considerable inroads in the protection of the textile industry. Many people in that industry have been very grateful for the action which the government took to protect their industry. The shoe industry has been severely hurt in recent years. In 1970, Canadian producers had around 79 per cent of the market. In 1976, they had 58 per cent of the market. In the first seven or eight months of this year, their percentage of the market dropped to 41 per cent. That is why we had to move under article 19 to bring about some kind of stop to the flooding of Canadian markets by imports.

Before concluding, Mr. Speaker, I would like to make a few comments regarding the over-all concept about the strength of the Canadian economy and the 90-cent dollar. I know that hon. members opposite refer to the drop in value of the Canadian dollar as an indication of the weakness of our economy. I suppose that now it has gone back up to 91.2 cents, they will say it is not an indication that our economy is strengthening.

**Mr. Stevens:** You like the 90-cent dollar?

**Mr. Horner:** Yes, the hon. member is right that I like it. Anybody who is an exporter or believes in exporting should like it. It does something to the price of cattle, to the price of wheat, to the price of oil, to the price of gas, to the price of pulp, paper and timber products—all the products we export.

**Mr. Stevens:** What does it do to our inflation?