

*Customs Tariff*

We are concerned about this, Mr. Speaker, because such experts as Economist Writer John Ralston Saul, who appeared before the House Committee considering the whole free trade issue, raised the possibility that Mexican goods could be exported to Canada under the guise of an American label or as processed there, as originating in the United States.

● (1530)

[English]

Mr. Saul, in testimony before the committee, made clear to all those interested that indeed we may be entering into a deal which could allow Mexican products produced with cheap labour to be distributed in Canada, thereby giving our Canadian products a very bad deal in terms of jobs, permanency and production.

I would like to remind Hon. Members that the United States has a virtual free trade pact with Mexico or at least with the northern parts of Mexico. Apparently, there is a region of Mexico which contains 1,200 U.S. factories employing some 300,000 Mexican workers, mostly teenagers, non-union labour of course, earning about 65 cents per hour. These so-called Maquiladora industries are expanding at a phenomenal rate and constitute the second largest industry in Mexico, second only to petroleum and larger than tourism.

This economist is telling us to be careful because we may be entering into a deal which exploits cheap labour. God knows that we do not want to enter into any deal which would exploit human resources, and especially not to the detriment of Canadian jobs and the Canadian economy.

We asked the Government to make sure, in the final legal text which we have yet to see, that there is a provision preventing this kind of product from entering Canada. The Hon. Member for Ottawa Centre (Mr. Cassidy) put such an amendment to the House. His motion is very clear and would amend Clause 15 by adding the following:

“(3) Notwithstanding any regulation made under subsection (2), goods wholly or partly produced in Mexico shall not be deemed to originate in the United States.”

The motion is clear and logically follows Clause 15 which describes the country of origin. The motion specifies that notwithstanding any regulation under the power of the Governor in Council, these recycled products made by cheap labour are not brought into our country and that we will be protected from the abuse of such trade.

Just to put the debate in perspective, in 1969, only 2 per cent of manufactured goods imported by the United States came from Mexico. Now it is 40 per cent. Mexico, not Canada, is the largest exporter of manufactured goods to the United States. The Hon. Member's amendment suggests that in the final text of the free trade agreement, we ensure that no cheap labour products are recycled through the American economy and distributed in Canada. Such products would be unwanted and it is more than morally wrong to exploit cheap labour.

**Mr. John R. Rodriguez (Nickel Belt):** Mr. Speaker, I would like to speak in favour of the motion put by the Hon. Member for Ottawa Centre (Mr. Cassidy). The Bill that is before us certainly has implications as far as free trade with the United States is concerned. In fact, this Bill provides for a harmonization of commodity descriptions and the coding system.

The motion that has been proposed by the Hon. Member for Ottawa Centre amends Clause 15 by adding the following:

“(3) Notwithstanding any regulation made under subsection (2), goods wholly or partly produced in Mexico shall not be deemed to originate in the United States.”

It has been asked why the Hon. Member for Ottawa Centre put that motion forward. That is a good question. Certainly it is not because this Party of which the Hon. Member for Ottawa Centre is a member wants to put the brakes on a country that is developing and developing rapidly. It is not that we want to prevent other countries in the world from having a share in economic development. The reason for the presentation of this motion has to do with what we were told by an economist, John Ralston Saul, who appeared before the parliamentary committee that is dealing with international trade and particularly the free trade agreement.

It seems to me that we owe Mr. Saul some thanks for having pointed out what appears to be a gap in the free trade agreement. In fact, from what I understand, when Mr. Saul raised this question before the parliamentary committee, the chairman scurried off, got on the telephone and spoke to Mr. Ritchie, the under-secretary in the free trade negotiations. The chairman finally came back and said that he was assured by Mr. Ritchie that in fact the question that was raised by Mr. Saul does not pose a problem for the free trade agreement.

● (1540)

What was it that Mr. Saul raised which may have been overlooked by Ambassador Reisman in the negotiations on the free trade agreement? It is something which goes back to the 1960s when Mexico and the United States reached an agreement that the area which runs along the Mexican-American border for 3,000 kilometres, several kilometres deep, would be called the Maquiladora industrial program. It was basically an attempt by the United States to compete effectively with Asian industries. It was, of course, in the interest of Mexico to ensure that jobs were created for Mexicans. That is a legitimate interest for Mexico.

In the Maquiladora corridor factories and plants were established which were originally designed as labour intensive operations. The raw materials came from the United States to these factories where they were manufactured into final products. Without the imposition of any tariffs or duties they were returned to the United States and sold as American products with only a slight value-added tax put on them.

The wage rates in the Maquiladora corridor are 65 cents an hour and there are presently about 300,000 employees who