

*Customs Tariff*

**Mr. Regier:** Mr. Speaker, I have a further supplementary question. I am sure that the minister would like to reflect on his previous answer. Does he not realize that two million individuals would represent half the households in Canada?

**Mr. Speaker:** I think it unnecessary to answer that question, which is obviously an argument rather than a request for information.

## WAYS AND MEANS

The house in committee of ways and means, Mr. Sevigny in the chair.

## CUSTOMS TARIFF

7. Resolved, that schedule A to the Customs Tariff be amended by striking out tariff item 554b, the enumeration of goods and the rates of duty set opposite that item, and by inserting therein the following item, enumeration of goods and rates of duty:

Tariff Item—554b (1) Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.: British preferential tariff, 20 per cent; most-favoured-nation tariff, 27½ per cent; general tariff 40 per cent; and, per pound: British preferential tariff, 20 cents; most-favoured-nation tariff, 30 cents; general tariff 35 cents.

Provided, that the total duty leviable shall not be in excess of, per pound: British preferential tariff, 60 cents.

(2) Woven fabrics composed wholly or in part of yarns of wool or hair and weighing not less than twelve ounces per squared yard: British preferential tariff, 20 per cent; most-favoured-nation tariff, 27½ per cent; general tariff 40 per cent; and, per pound: British preferential tariff, 15 cents; most-favoured-nation tariff, 30 cents; general tariff, 35 cents.

Provided, that the total duty leviable shall not be in excess of, per pound: British preferential tariff, 55 cents.

**Mr. Pearson:** Mr. Chairman, when the house rose last evening I was making some observations on this resolution, and during them I indicated that we in this party would not be able to support it. The resolution, which is based on a report of the tariff board, brings up not only the whole question of the position of the woollen industry in Canada but has a bearing on our trade relations with the United Kingdom. We in this party are very conscious of the fact that on every conceivable occasion the government professes its devotion to anything that will increase trade between our country and the United Kingdom. This particular resolution will certainly not have that effect. Perhaps it does not go very far in increasing the protection against British woollens. Perhaps it is no wolf in sheep's clothing, but its implications both in respect of trade with the United Kingdom and in respect of protection generally are important. It is primarily because of these implications that we are opposed to the resolution.

[Mr. Fleming (Eglinton).]

The report of the tariff board on reference No. 125 on which the resolution is based, gives a great deal of information, statistical and otherwise, about the Canadian woollen industry before it makes the recommendation it does. Anyone reading that report must, I think, be struck by the fact that the members of the board seemed pretty uncertain and not too confident in respect of the recommendations they were making.

In their report they indicate, and present a good deal of evidence to support the indication, that for a good many years now the woollen industry in this country has been declining. There are many figures which bear out that statement. In 1946 there were 100 woollen mills in Canada. By 1950 that number had been reduced to 85 and in 1957 it was down to 54. In 1946 there were 9,900 Canadians employed in this industry and by 1957 that number had been reduced to 5,729. As a whole the operations of the industry are unprofitable in spite, I think one should add, of the efforts of the industry to operate efficiently. There is indeed a declining market. That is shown by the fact that in 1948 47 million yards of woollen fabrics were sold in Canada and in 1956 that figure had gone down to 37.9 million, and the per capita consumption of wool cloth had gone down from 3.78 yards in 1948 to 2.36 yards in 1956.

All this, of course, is primarily due to a lessening demand for wool fabrics in favour of other materials, a demand which has nothing to do with imports at all. It is quite true that over recent years there have been increased imports of woollen fabrics into Canada, but that increase in imports—and I mentioned this last night—has not come from the United Kingdom, which is the only country affected by this change of duty, but from other countries which are not affected by it at the present time; particularly Italy and to some extent Japan.

Despite the increase in imports of woollen goods and woollen fabrics since 1954, the United Kingdom has supplied a decreasing proportion of our needs. In 1954 some 92 per cent of our imports came from the United Kingdom. In the first half of 1957 only 75 per cent came from the United Kingdom. As I have already indicated, Italy has been the big gainer with regard to the increase in imports, and Italy is not affected by this change. Italy has gone from 232,000 pounds in 1954 to 1.4 million pounds in 1956.

We have been informed by the minister that, because that is a bound item under GATT, steps are being taken to preserve the existing margin of preference by renegotiating the most-favoured-nation duties with Italy and, I suppose, other countries.