

the United States and since then by further reductions under GATT. Many of the concessions through GATT have been made to gain a trading advantage for our primary products in foreign markets, at the cost of easing the entry of foreign manufactures into the Canadian market—and at a time when world conditions were radically different from those presently existing. The result is that today a number of tariffs are insufficient to enable even the most efficient Canadian manufacturer to compete with the very low wage countries, or, where large volume production is involved, with countries such as the United States which are supported by domestic markets 10 to 15 times those existing in Canada.

Canadian secondary manufacturers do not ask for general tariff increases across-the-board. They do maintain, however, that where tariffs can be shown to be too low to allow even the most efficient Canadian manufacturer to compete with imports under Canadian conditions of wages and volume, then these tariffs must be increased if Canadian Secondary Manufacturing is to develop and prosper.

I would like to say at this point, Mr. Chairman, that since this association was formed in 1944 we have at no time made any request for an increase in tariffs. We do believe, however, that a more realistic approach should be made concerning valuations of imports for duty purposes.

The effect of foreign participation in our market is felt by our industry in another serious way, quite apart from the physical volume of goods which enters Canada. This influence is not reflected in import statistics, but is very real nonetheless. It is the downward pressure on prices resulting from quotations by low-cost foreign exporters which Canadian manufacturers must meet in order to stay in business. This pressure on prices is important in two vital areas: (i) profits, and (ii) investment capital.

The Canadian Electrical Manufacturers Association parts company with those who tend to play down or deprecate earnings of Canadian manufacturers, as though profits were a distasteful or undesirable subject. In our industry particularly, a reasonable profit margin is essential for research, development and expansion. For this reason we are fundamentally concerned that profits of Canadian electrical manufacturers have been averaging only two-thirds of those earned by the industry in the United States. Moreover, as shown in the following table, our industry has been earning little more than one-half the profits of Canadian manufacturers as a whole:

I will not bother to read the table which follows, but in the seven years shown our average net profit on the sales dollar is only 3 per cent as against the over-all average of all manufacturing in Canada of 5.1 per cent.

COMPARISON OF PROFITS EARNED BY THE CANADIAN ELECTRICAL MANUFACTURING INDUSTRY
WITH AVERAGE PROFIT OF ALL MANUFACTURING

Average Net Profit on Sales Dollar

Year	Members of Canadian Manufacturers' Association	Members of Canadian Electrical Manufacturers Association
1953.....	5.2%	4.0%
1954.....	5.2%	2.6%
1955.....	5.9%	2.9%
1956.....	5.8%	3.3%
1957.....	5.2%	3.1%
1958.....	4.6%	2.9%
1959.....	5.1%	3.0%