

Customs Tariff

who negotiated for us, I feel that in the climate in which they were forced to work and with the pressures that were brought to bear on them they had little opportunity to do for the citizens of Canada the work they would have wanted to do in order to provide the necessary climate, as I said before, for an expansion of our various industries. We shall wait, as we must, to see what will happen. However, when this matter was first brought before the house the minister assured us there would be extreme hardship in some instances and that measures might have to be taken by the government to offset the economic hardship in the extreme cases. In the light of that statement we do not have the right to be confident, and with companies going into bankruptcy just because of an intimation of what may happen I think all Canadians have every right to feel uneasy about the legislation before us.

Mr. A. D. Hales (Wellington): Mr. Speaker, before we leave the second reading stage I should like to make one or two brief comments on the bill before us to amend the Customs Tariff Act, with particular reference to the heavy electrical industry. We can alter the Customs Tariff Act by amendments all we like, but it will not mean one iota unless we do something about these non-tariff barriers which have such a great effect on our country's exports. I shall confine my remarks to the heavy electrical and switch gear industry because in my riding there are at least 1,000 people employed in this industry. Prior to 1960 this was a very profitable business, but in the last seven years it has done nothing but go downhill to the point where some of the companies engaged in the industry have gone out of business. I think of one company in particular, the Westinghouse Company, which has ceased to make heavy water-wheel generating equipment because it just cannot obtain export orders on account of the non-tariff barriers with which it is confronted.

These companies have prepared detailed studies on this problem. They have pooled their information. They have found that there is a dual pricing system and also a dual costing system in several exporting countries, chiefly the United Kingdom. The normal value for duty purposes thus presents a very serious and difficult situation because it is difficult to establish the right cost or price. In the United Kingdom the Central Electrical Generating Contract Board is the principal purchaser of all heavy electrical equipment in the United Kingdom. With the two-price system, one for domestic and one for export, the

export price is allowed to absorb a lesser amount of overhead and the extra amount is charged to the domestic price. They have a two-price system, one for export and one for domestic, with the result that the Canadian companies are unable to compete with these prices and thereby are losing a great amount of export business.

Just recently the General Electric Company placed a quotation with the Canadian government to supply heavy transformers for the Canadian Nelson River project. United Kingdom Electric also quoted on this tender, as did a company in Switzerland and also another Canadian company. There were four quotations. I understand the General Electric quotation was the second lowest, the lowest being that of United Kingdom Electric. The Canadian government saw fit to award the contract to the United Kingdom Electric Company, knowing that the United Kingdom will not allow Canadian Companies to tender in the United Kingdom. This contract was an initial contract for about \$8 million. The result was that the Canadian company lost out. This meant that employment for 700 people for a year was lost to the Canadian market. This hardly seems fair.

We must look into these non-tariff items so that we can play on the same ball diamond with the same set of rules. If we can, there is no doubt that Canadian manufacturers could obtain considerable export business and at the same time supply our own local requirements. Let us correct these non-tariff barriers and keep Canadians employed. If we operate under the same set of rules there is no doubt that Canadian manufacturers can get the business. However, if they have to play under a different set of rules they cannot compete and they will lose the business.

● (4:10 p.m.)

This is a very serious matter. In my constituency the company to which I referred intends to lay off 130 people this month because of the loss of export business. If something is not done for the heavy electrical industry in Canada it will disappear. The situation is as plain as that. Even with the anti-dumping legislation to come into effect on January 1, 1969, we will lose these industries. This legislation will be of no avail unless something is done about these non-tariff barriers. I sincerely hope the officials of the department will take every step to make it possible for Canadian suppliers to operate and compete on an equal basis.