

*Customs Tariff*

In short, it was a quite admirable effort at sectoral free trade which gave Canadians a chance to penetrate both the U.S. and Japanese markets and at the same time import duty-free from both those countries the computer parts and semiconductors we need to build business machines to sell competitively throughout the world. From our point of view, it was exactly the kind of free trade arrangement that we should be attempting to establish. Yet it was wiped out by this misguided attempt to retaliate against the U.S. by raising tariffs on products produced by these very industries which had just gone through the process of adjusting to a new low tariff world.

In the face of that, representatives of small and medium-sized firms were absolutely scathing. Mr. Gow went on to say:

The other important part I would like to bring to your attention is the paperwork that is going to be caused by this Bill—

Here we have a Government which, when it came into power, said it would attempt to cut down paperwork for Canadian businesses. In this Bill, as amended, it is increasing that paperwork. A Government which says it is committed to freer trade is increasing tariffs and trade restrictions, not just against the U.S. but against Japan. In some cases, as Mr. Gow put it, this Bill could go as far as to be a back-breaker for these small companies. Yet that is the Bill which this Conservative Government pushed through committee without accepting amendments. Mr. Gow also said:

So we feel we have been betrayed—in that back in February this same government took all of these tariffs off to make us more competitive for all the reasons that we wanted to be in a position where we could be in the export market.

That was done without any consultation whatsoever with the Association or any company in the computer or semiconductor sector.

We were also fortunate to have the testimony of Mr. Allan Aiken of the Canadian Semiconductor Design Association. He gave us estimates which indicated that the cut-back in profitability as a result of these so-called retaliatory tariffs could end up putting some of these important semiconductor producers out of business.

Mr. George Best, President of the Canadian Business Equipment Manufacturers Association said that the tripartite agreement between Canada, the U.S. and Japan to eliminate duties on parts and semiconductors was an important step toward full duty elimination. CBEMA members strongly support that agreement. Therefore, they were even more dismayed at the reimposition of Canadian tariffs on computer parts and semiconductors. This Government claimed to be trying to do something to show how tough it was with the U.S. Government, yet all it did was damage our own industry. This damage was documented by these key spokesmen from business centres which represent every aspect of the industry.

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CBEMA represents the producers of business machines. The Canadian Advanced Technology Association represents the

producers of computers and computer parts in this country. These were the very people who wanted this tripartite sector based freer trade arrangement with Japan and the United States, and which still find it completely impossible to understand the logic of what is taking place in trying to put this measure into effect now, calling it retaliation, and yet the only people who are hurt are Canadian consumers, the Canadian Government and Canadian producers.

I ask you, Mr. Speaker, as I asked members of the Legislative committee how it could possibly make sense to do what this Bill is doing. I ask how it could conceivably be of any benefit to this country to hurt these small firms as this Bill is hurting them. I ask how it could possibly be in any sense consistent with what this Government is trying to do in other areas, to take this example of freer trade in a sector where the industry wants it, where workers want it, where consumers want it, and to turn that free trade arrangement into something which, instead of giving us a freer trade arrangement, does devastating damage to our industry.

How can this possibly make sense? How can a Government continue to put a Bill like this forward when the victims of the Bill are going to be small firms and Canadian consumers across this country? It is going to be small computer-based companies in the high tech sector, which are precisely the firms we should be giving encouragement to at this stage in 1986.

I cannot see any sense to it at all. I have yet to see any Conservative at the legislative committee at second reading or at this stage of debate who has been able to demonstrate any sense that lies in this particular section of the Bill. There is absolutely no logic to it. It makes no sense, and a Government which was either being consistent or being logical would go back to the Bill as it originally stood instead of going with it as amended at this particular stage.

I finish once more with a plea to the House on this occasion, at least, to recognize the nonsense which is being undertaken in the name of logic. It cannot possibly make sense to anybody on the government side to put this Bill through as it is attempting to do.

[*Translation*]

**Mr. Alfonso Gagliano (Saint-Léonard—Anjou):** Mr. Speaker, I welcome this opportunity to speak at the third reading stage of Bill C-111, an Act to amend the Customs Tariff and to amend an Act to amend the Customs Tariff.

Mr. Speaker, I would like to make a few comments. I realize the Government is in a hurry to adopt a number of Bills this evening, but I would still like to touch on one of the aspects I did not have a chance to mention at second reading.

Early this year, Canada signed an agreement with Japan and the United States under which all three countries would be able to exchange computer parts without paying duty. On May 26, 1986, the House accepted first reading of Bill C-111, which included this measure that would allow parts from the