

Customs Tariff

diameter of pipe. It applies to all pipe, regardless of diameter, except the pipe that falls under item 399. It is quite clear that the British preferential rate is 12½ per cent and the most-favoured-nation rate is 20 per cent.

Mr. Benidickson: If it comes under 400 it will go up to 15 per cent.

Mr. Fleming (Eglinton): I am coming to 400. The only item that takes any pipe out of the general scope of 397 is 399; that is perfectly clear. There is the only place where the limitation is drawn in respect of diameter. I do not know what more I can say in regard to this diameter that was chosen. It is true that Canadian mills are capable of producing pipe and are producing pipe in excess of 10½ inches, but in the larger diameters, Mr. Chairman, you are then into pipe for pipe lines. This is an item which had to run the gamut of negotiations with the United States, these GATT negotiations. I think we have done quite well to hold this item in the form in which it appears in the resolution.

As to the origin of the 12½ inch diameter—

Mr. Benidickson: No, 10½ inch diameter.

Mr. Fleming (Eglinton): I am sorry, 10½ inch diameter. I have already pointed out that its origin lies in the former tariff items 397a and 397b.

I should say a word about couplings. These are dealt with under item 400 and, as has been observed by the hon. member for Kenora-Rainy River, the rates are British preferential, 15 per cent; most-favoured-nation, 20 per cent. There is no difference in the most-favoured-nation rate as compared with item 397. There is an increase of 2½ per cent in the British preferential rate over that provided in item 397. The explanation simply is that we had very strong representations from Canadian manufacturers with regard to the harmful effects they would suffer if the rates on couplings were reduced to 12½ per cent. They were just the kind of representations that have been received by the hon. member for Welland, which he has put before the house tonight, and the same kind of views as those put before the house by the hon. member for Ottawa West.

Mr. McIlraith: There is just one point I wish to make. In referring to item 399 I think the minister used the expression that he wanted to hold the line on oil pipe transportation lines and that the rate of duty was now going to be the same as it was under item 399.

Mr. Fleming (Eglinton): As amended.

Mr. McIlraith: Yes; as amended. If he is going to hold the line in that way, I would [Mr. Fleming (Eglinton).]

point out that what he has done is not to hold the line for the persons concerned with oil transmission but he has put an increased tariff on the raw material. That is a matter of some concern when we start increasing the cost of production. Under item 384 we have put an increased tariff on the skelp going into the manufacture of the pipe covered by item 399. Hence if the minister was holding the line—and I am using the expression he used—he should have gone a little bit further and said that he was having the pipe companies hold the line but that he was not having the holding of the line done by anyone further down in the manufacturing business, such as the primary steel producers. I wonder whether he would care to comment on that point.

Mr. Fleming (Eglinton): So far as the rate on skelp is concerned, it is true that there is an increase of 2½ per cent proposed here in comparison with the existing rate. But what we are proposing here is nonetheless 2½ per cent less than the tariff which was recommended by the tariff board.

Mr. McIlraith: The point on which I am picking the minister up is as to the reason why he kept item 399 as it was. He said he was holding the line for the oil industry.

Mr. Fleming (Eglinton): To continue, Mr. Chairman, I might have added to what I was saying in reply to my friend the hon. member for Kenora-Rainy River with regard to couplings under item 400, that when he points out—I was about to say “complains”, but I am not sure whether he is complaining about it—

Mr. Benidickson: At this stage we are trying to get information and reasons for departure from the tariff board recommendations.

Mr. Fleming (Eglinton): He points out that the B.P. rate that is recommended, which is 15 per cent, is 2½ per cent above the rate recommended by the tariff board, but nevertheless it represents a substantial reduction as compared with the rate hitherto in effect.

Mr. Benidickson: But the board took that into consideration.

Mr. Fleming (Eglinton): The B.P. rate on couplings has been 20 per cent. What we are recommending now is a B.P. rate of 15 per cent.

Mr. Benidickson: I have just one other question. It arises from the observations that the minister made when we were discussing drawbacks, to which we shall probably come later. I think item 1018 referred to a drawback only with respect to