

Canada—U.S. Automotive Agreement

criticize myself and I have some criticism to offer this morning. We are at the experiment stage with this agreement. It will have to be reviewed in six months. The agreement itself, in section 4, subsection 3, I think, provides for frequent consultations between the two governments.

Therefore, this is an experiment which should be tried with an open mind. It is worth trying to make it work by every possible means. Yet, the agreement raises very delicate questions. Our economic and trade position with the United States—our trade deficit with the United States is noted—is what we must try to improve constantly.

• (12:40 p.m.)

The hon. member for Essex West (Mr. Gray) stated that the deficit with the United States with regard to automotive products totalled \$687 million. That is a fantastic amount and this agreement tries, of course, to improve that aspect of the trade deficit and to make the situation better.

There is also a new spirit between our two countries. The American parent companies have issued directives to their Canadian subsidiaries. On the other hand, the Canadian subsidiaries of those American companies seem to have complied with the directives issued to them by the Minister of Trade and Commerce (Mr. Winters). It might be appropriate during this debate or some time soon for the Minister of Trade and Commerce to inform us about the reactions of the Canadian subsidiaries of American companies to the 4,000 letters which were sent to them, so that we might be in a position to judge if those companies, whose parent companies are outside Canada, are willing to see the situation in the same light as the Canadian government, the Canadian people, in short if they want to co-operate in the development of Canada, together with the other sectors of the Canadian economy, in the fields of trade, industry, investment and development.

This agreement also has some influence on our industrial production, our exports and our imports. It also has repercussions in the field of automation, on the qualifications of labour, its mobility, on the production of automobiles in Canada. The government and more Canadians should take an interest in the production of automobiles in Canada and set up Canadian firms with the help of the government and the support of either the Industrial Development Bank or that new

[Mr. Allard.]

federal body, namely the Canadian Development Corporation, whose establishment we have been expecting for a year or two.

I hope very much that the government or the responsible minister will introduce shortly in the house a bill dealing with the creation of that development corporation—and that is urgent—to enable Canadians to take over their own economic development.

The agreement aims at allowing the manufacturers to engage in the automobile business without custom duties between Canada and United States, to increase employment—there is talk of 60,000 new jobs—to reduce production costs, to improve the efficiency and productivity of the Canadian plants and also to reduce our \$600 million deficit with regard to the automobile trade.

Those are the five objectives covered by this international agreement on automotive products between Canada and United States. These are very commendable aims which we must support so that positive results will be achieved in this regard.

Statistics show that exports to the United States of Canadian-made cars were as follows: 1962, 1,136 units; 1963, 3,504 units; 1964, 19,094 units and, in 1965, from January to October inclusive, 29,202 units. The total value of cars exported from Canada to the United States from January 1965 to November 1965 (these are the latest figures available on exports, in March 1966) amounted to \$68,800,000. As to cars, of similar models which are best sellers, the price of the Canadian models, in 1965, was on the average 8 per cent higher while in 1966, the difference ranged from 3 to 5 per cent.

It can be seen that, in the automotive parts industry between Canada and the U.S., a very significant trading area is involved which is full of promises and destined to a growing economic future. This agreement initiated by Canada and the U.S. and subject to frequent consultations, of course, will likely bring results and be advantageous to both countries.

We know, of course, that this agreement was ratified by order in council passed in January 1965, while its terms are submitted to us for approval in May 1966. This means in fact an interval of a year and a half. This delay in my opinion is too long. We notice that in the United States, the matter was submitted much more promptly to the representatives of the people for consideration and approval. I understand, as the hon. member for Essex West (Mr. Gray) pointed out,