

Adjournment Debate

In the textile industry, Canadian producers are afraid that as tariff barriers are lowered by importing countries, the American textile industry will act as a powerful magnet for future investment.

• (1750)

Others believe that the multilateral tariff reductions in the Uruguay round would not necessarily brighten export opportunities for clothes manufacturers since it might instead make it easier for Europeans to export their goods to this country.

Yet others fear that freer multilateral exchanges might reduce the Free Trade Agreement benefits for Canadian exporters competing on the American market with third world countries, for the United States might very well endorse multilateral tariff reductions. In that case, imports from low-wage countries would increase somewhat. This would lead to the implementation of certain quotas that have not been filled at this time. Now if we assume that lower textile tariffs resulting from the multilateral trade negotiations would be in addition to the tariff reduction proposed by the external trade Canadian tribunal, what might be in store for the textile and clothing industry?

As early as September 1986 at the beginning of the Uruguay round on multilateral trade negotiations, the ministers involved agreed to consider the possibility of integrating the textile and clothing sector under GATT.

Last November 16, a *Journal of Commerce* article entitled "Textile Management Fearful of Lopsided Agreement" reported that a group of eleven leaders representing seven professional associations and four American fibre, textile and clothing manufacturers wrote to special U.S. trade representative Carla Hills to warn her against the danger of endorsing an extremely lopsided agreement.

Here is how they put it: We simply cannot understand how the United States can be working with Hong Kong to find an acceptable formula with respect to fraud and regulation avoidance in the textile and clothing sector, when manufacturers in this country have participated in major fraudulent shipments.

Mr. Speaker, Europe and Portugal are also concerned that textiles might be adversely affected by a GATT agreement. By deleting the multifibre agreement, are

we not removing the only true protection the textile and clothing industry has?

[English]

Mr. Ross Belsher (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I would like to thank the hon. member for his continued interest in the textile industry of which many companies are in his riding.

On March 22, 1988, the government announced a three-part program of tariff relief initiatives designed to meet the needs of both the Canadian textile and apparel industries and to strengthen their competitiveness.

The program included tariff reductions on certain specialty fabrics which came into effect in 1988 and 1989; new duty remission programs which came into effect on January 1, 1989; and a plan to reduce textile tariffs, over a 10 year period, to levels comparable to those of other industrialized countries.

On February 6, 1989, the Minister of Finance asked the CITT to provide the government with advice on its plan to reduce textile tariffs bearing in mind a number of factors, including the economic importance of the textile industry; the textile industry's ongoing efforts, through heavy investment and rationalization of production, to enhance its viability and adjust to the international trading environment; and the major changes which will be occurring in Canada's trading arrangements as a result of the Canada-U.S. Free Trade Agreement and the Uruguay round.

In his request to the CITT, the Minister of Finance asked the tribunal to hear the views of all interested parties before determining the manner in which tariff reductions could best be implemented.

The CITT conducted a very open and transparent study. As the Minister of Finance has already noted in the House, several industry associations and close to 500 firms in the textile, clothing and other downstream industries participated in the year-long inquiry. More than 80 provided testimony during the six weeks of public hearings.

In addition to these representations, tribunal members visited more than 40 companies across the country to get a first-hand view of Canadian production operations and the challenges they face.