

*Customs Tariff*

for use in Canadian manufactures; British preferential tariff, free; most-favoured-nation tariff, free; general tariff, 20 per cent.

**Mr. Fleming (Eglinton):** My hon. friend asked for an explanation of this amendment. There is no change in substance between the item as now proposed and that proposed at the time of the budget. The only change is that the wording between the two dashes has been simplified. The item is being amended to make it clear that strip or tubing which contains more than 50 per cent iron is to be classified as steel strip or tubing and not under this item as an alloy.

Item agreed to.

Items 377 and 377a agreed to.

378. Iron or steel, semi-finished, namely: blooms, slabs, billets or sheet bars: British preferential tariff, free; most-favoured-nation tariff, five per cent; general tariff, ten per cent.

**Mr. Benidickson:** This item is not in accord with the recommendations of the tariff board. I think the pertinent recommendation is No. 3 in their report No. 118. I wondered if the minister would give us some explanation. Hon. members will notice with respect to item No. 378, that now the British preferential tariff is changed. I think our chief concern is with respect to the most-favoured-nation tariff. The tariff board recommended that the most-favoured-nation rate be \$3 per ton. The administration has seen fit to change that to five per cent. I think hon. members will easily recognize that this could have a very important consequence, according to the value of the product that was being imported. I believe that it would involve a substantial increase in tariff on any item imported of this kind if the value were over \$60 a ton. Can the minister explain why he did not see fit to accept the recommendation of the tariff board in this respect?

**Mr. Fleming (Eglinton):** Item 378 covers semi-finished steel in several forms. Formerly, this product came in under various tariff items, and the rates proposed, on balance, probably mean some increase in the margin of preference. The tariff board recommended two divisions of this item, one covering semi-finished steel for pressing or rolling into bars, with a British preferential rate of free and a most-favoured-nation rate of \$3 per ton. The other division was for processing, other than into bars, with a British preferential rate free and a most-favoured-nation rate of five per cent.

It was not considered that the operation of processing into bars warranted setting up a special end use item, and consequently a single item, No. 378, is proposed, covering semi-finished steel regardless of the end use,

[The Deputy Chairman.]

with a British preferential rate of free and the most-favoured-nation rate of five per cent.

**Mr. Benidickson:** I am asking about the technique of this thing. I do not imagine the minister, any more than myself, is very well acquainted with the actual manufacturing processes involved here. But the tariff board considers all these matters, hears all parties interested, the producer, purchaser and the fellow in the middle. After many days of laborious hearings they produce a report that goes to 315 pages. Generally speaking, I believe we have confidence in the tariff board of this country. They suggested that a rate of \$3 per ton, regardless of the value of the product and having regard to the quantity of imports, would be adequate and fair to all concerned. Now what happens? Who advised the minister that they know better and he should not adopt this report of the tariff board?

**Mr. Fleming (Eglinton):** My hon. friend, from his experience in the Department of Finance, knows how these matters are processed from the time they are before the tariff board until the time they reach the house. Earlier I outlined the factors which accounted for the changes between the form of the tariff board recommendation and the form of the resolution now before the committee. It is well to bear in mind that the tariff board report on iron and steel was signed on February 28, 1957. It is a year and a half old now.

When the recommendations of the tariff board came in they were submitted to study and to negotiation. As I have indicated to the committee already, the differences between the recommendations of the tariff board and the resolution in its present form may be attributed to one or more of three factors: First, the process of negotiation with the United States; second, changes in the situations regarding the manufacture and supply, and then representations. In this particular case, as in others, the difference between the tariff board report and what appears in the resolution is the product of one or more of these various factors that I have mentioned. It is not just a matter of somebody in the department having an idea that he has something better to recommend than the tariff board. There are representations being made to the department all the time, as my hon. friend well knows, and when the report of the tariff board on this matter as well as on others was made known there were brought to the attention of the department representations and changes in conditions which had occurred since the tariff board was taking evidence on these matters.