

*Automotive Agreement*

published in *The Canada Gazette* they are available to the public and certainly to the industry which is interested in duty remissions.

During his comments the hon. member referred basically to recommendations of the Simon-Reisman inquiry into the auto industry, the report of which was tabled in 1978. The information gathered by that commission for that report would have been gathered over a period of perhaps two or three years. Therefore, we are talking about the auto industry as it was in 1975 or 1976. I do not know where the hon. member for Vaudreuil (Mr. Herbert) has been in the last four or five years, but I can tell him that the auto industry has totally changed in those years. In fact, it has changed for the worse in the last year or two, and that is why there is so much interest in Canada, North America and around the world in improving the auto industry in different areas.

The auto industry in North America has changed in many ways, probably the most important resulting from foreign, offshore imports taking a large slice of the industry in North America. In fact, Japanese imports have accounted for something like 27 per cent of the industry in North America.

There has been a change toward smaller and more fuel-efficient cars. This year American manufacturers have gone to new models, the ones we have been reading about in the last few weeks, including the Ford Escort, the Mercury Lynx, the Chrysler K cars, the Dodge Aries and the General Motors J cars. In other words, there has been a trend toward a world car. I really cannot believe the hon. member would base his comments on an obsolete report which, in essence, has no bearing on the situation today.

● (1740)

It is a totally different world. I do not know where he has been during that time. The changes in the auto industry have been major, therefore the potential solutions are different from what they would have been three or four years ago, and I suggest that the potential solution which should be considered, and considered by this Parliament, in the very near future is to make certain that we, with the United States, will be able to revamp the obsolete and inadequate auto pact which has been in existence since 1965.

The auto pact permits automobiles and automobile parts to cross the Canada-U.S. border duty-free provided certain requirements such as sales-to-production ratios, North American content and so forth are met. Canada traditionally has a moderate surplus in finished vehicles. In fact, in 1979 there was a surplus of some \$800 million in finished autos. However, we in Canada have a very large deficit in parts, over \$4 billion in 1979 alone, so last year's over-all deficit in the auto pact within the auto industry in Canada with the United States, which includes tires, was a record \$3.12 billion.

The cumulative deficit since 1965 is over \$11 billion, and it is growing. If we are to try to assist the industry, we cannot look back to 1978, 1977 and 1976. We must look to the present and to the future and to what can and should be done. I say the auto pact must be revamped, and I will get to that in

a few moments because that is a long-range plan. It cannot happen overnight.

What should happen overnight, however, are some specific programs which can be put in place immediately if this government would get off its behind and start concentrating on some of the things which can be done to assist the auto industry in Canada. Tens of thousands of Canadians are unemployed because there has been no action by this government. Hundreds of plants across Canada are losing sales and productivity. Dozens of plants across Canada are going bankrupt as a result of the lack of action in the auto industry by this government, yet the hon. member comes up with duty remissions and quotes statements made in an inquiry in 1978. I just cannot comprehend his thinking in this regard.

I do not have time today to go in detail into the specific items with which the government could deal. I hope to do so in the very near future. I hope to express not only my views but those of the Progressive Conservative Party. The first step the government could take is a minor one but, nevertheless, it is one which would alleviate the problems of the industry. That step would be to remove the 9 per cent federal excise tax. This would at least assist in the stimulation of sales of North American-built cars. I suggest the removal of the 9 per cent federal excise tax from North American-built cars only.

The second step is far more important but should be taken only with the short-term in mind until the auto pact can be revamped. That step would be to impose quotas on offshore imports at least at the level of the year 1975 or 1976 when the number of imported cars was far lower and not as damaging to our industry here in Canada as it is today. I travelled to Washington and Detroit to see what the Americans were doing in their industry when it was in trouble, as it has been in the last two years, and I am convinced that with their new world car concept the American auto makers will pull out of the problems they have been encountering, the result not only of the recession which is plaguing both our countries but also of competition from foreign imports which has damaged sales in North America.

We must make sure that Canada gets its fair share of the renewed enthusiasm of the United States auto makers about their world car concept, but I do not think it will. In fact, I am convinced that Canada will not receive its fair share until and unless we change and revamp the obsolete auto pact about which I am talking.

The Liberal government, whether the present government or the one previous to the few short months we spent in office, has effectively relinquished control of Canada's motor car industry and is now making the industry dependent on whatever concessions it can wring from the U.S. auto makers within the constraints of the auto pact. The weakness of the Canadian bargaining position is demonstrated time after time by the involvement of governments in what is known as subsidy auctions. Those are to induce auto manufacturers to locate new plants in Canada rather than in the United States. That is a good point, but if the auto pact was truly effective, Canada would automatically receive its fair share of new