

*Employment Support Bill***GOVERNMENT ORDERS****EMPLOYMENT SUPPORT BILL****MEASURE TO MITIGATE EFFECT ON CANADIAN
INDUSTRY OF IMPOSITION OF FOREIGN IMPORT
SURTAXES**

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce) moved that Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

• (3:10 p.m.)

[*Translation*]

Mr. Speaker, on August 15, President Nixon announced a set of economic measures called new economics but—

[*English*]

Mr. Speaker: Order, please. Perhaps the minister might wait a moment until order is restored in the House. Some hon. members are re-arranging their papers, and perhaps we might have a few seconds interval before the minister proceeds with his statement.

[*Translation*]

Mr. Pepin: Mr. Speaker, as I was saying, on August 15 last, President Nixon announced a package of economic measures intended to solve the difficulties originating from the balance of payments in the United States.

I have here, Mr. Speaker, two documents in French and in English, one of which deals with the explanations, the briefing given at the White House on the steps taken and could be useful to the more diligent members. I also have a document, in French and in English, analyzing the effects which the 10 per cent surcharge could have on Canadian exports to the United States.

With the consent of the House, I would now like to table those documents.

[*English*]

Mr. Speaker: Hon. members have heard the suggestion of the minister that certain documents to which he has referred be tabled. Is this agreed?

Some hon. Members: Agreed.

Mr. MacInnis: On that very point, Mr. Speaker, I would like the minister to reconsider his remarks and say that instead of tabling documents for the more studious members that he is tabling documents for all members of the House.

Mr. Pepin: As a matter of fact, Mr. Speaker, I sent copies of one of these to all members and I assume that the hon. member who has spoken, being studious, has already read it.

[*Translation*]

Mr. Speaker, the Minister of Finance (Mr. Benson) will be dealing with the background of the legislation we will introduce today. He will speak more particularly of the arguments we invoked with the American authorities with

a view to obtaining that Canada be exempted from the surcharge. I should like to point out that our efforts to date have not been fruitless since we have already obtained, for instance, more favourable definitions of the surcharge as it applies to Canadian exports, thus reducing its impact, slightly I admit. Copper sections, certain meats, cotton textiles, oil exports to U.S. District No. 5 will be exempt from the surcharge thanks to those favourable definitions.

The right hon. Prime Minister (Mr. Trudeau) said, a while ago, that now the American authorities are at least perfectly aware of the effects those measures will have on the Canadian economy. I also think that the Minister of Finance, as well as myself and our advisors, have contributed toward making the Americans more aware of the effects which those measures would have on their own exports to Canada. For there is some sort of a relationship between the slow-down in American exports to Canada and the difficulties which the Canadian economy is encountering. This can be proved on a long-term as well as on a short-term basis. This past year, for instance, U.S. exports to Canada decreased by 3 per cent, while Canada was facing well publicized economic problems. This year, with our economy picking up, American exports have so far increased by 2.6 per cent which seems to bear out my theory that action taken by the U.S. government will have negative effects on our economy and will prevent Canadians from buying more in the United States. In my opinion, we have managed to get our point across and they understand things a little better than before we made our representations to them.

Since the Minister of Finance will give a more comprehensive outline of the bill, there are only two points I would like to make.

First I will deal with the impact of the surcharge on the Canadian economy and, secondly, I will explain rather rapidly the legislation which we are introducing today.

There is first of all the impact of the surtax. It is known as has been reported by the newspapers that the surtax will have an effect on about 25 per cent of our exports to the United States, that is a volume of exports of around \$2.5 billion.

[*English*]

After having said that, and after having mentioned that 75 per cent obviously is exempted, which is quite substantial, one has to emphasize that the sectors affected are mostly processed and manufactured products. The manufactured part of our exports represents 40 per cent of our total exports; but about 83 per cent of that 40 per cent goes to the United States and that represents about 45 per cent of our total exports to the United States. From this very elementary statistical analysis, one gathers immediately that the surtax hits a very very important sector of our exports of our economy. Members will not have to be reminded of the fact that it is in the processing and secondary industries sector that a lot, if not most of the wealth of the nation is created and where many of the jobs are also to be found.

My hon. friend, the Minister of Agriculture (Mr. Olson) will deal with the specific agricultural aspect of the effects of the surcharge on Canadian exports, so I hope my hon. friend from Kent-Essex (Mr. Danforth) will wait