

Plans to Increase Automotive Industry

We feel that this measure will contribute to a greater flow of trade between Canada and its trading partners, and will place Canadian producers in a much better position to compete efficiently and effectively in Canadian and international markets.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I am sure the house listened with a great deal of attention to the rather belated statement we have just heard. This, as we know, has for some days been the subject matter of discussion and controversy in Washington; it has been debated on the C.B.C., and I suppose it is fitting that on the last day of the parliamentary week we should be told in the house what the government proposes to do with regard to this matter.

This is, of course, a very important statement, and the house would not expect or would not want, even if the rules permitted, any discussion of the details of this proposal. This is in some ways in keeping with the program which was laid down by the government of my right hon. friend, now the Leader of the Opposition (Mr. Diefenbaker) in extending—

Some hon. Members: Oh, oh.

Mr. Nowlan: Some people should read their history books, Mr. Speaker.

Some hon. Members: Hear, hear.

Mr. Nowlan: This is in some ways in keeping with the program laid down by the former government in expanding the automobile industry. The first recommendation of the Bladen commission was that the excise taxes on automobiles should be remitted. That was done. The second measure that was implemented just about a year ago—and of course we anticipated something like this had to happen, because the year had almost expired—was when we allowed the duties to be imposed upon automatic transmissions and engines and gave a remission of duty on the equivalent export of parts, such as the minister has suggested is now to be extended still further. I am very glad to see that the minister is apparently following the path and the program which we established.

It has been suggested in other places and other capitals not off the North American continent that this is a terrible violation of GATT and that recrimination and protests are bound to follow. I hope this is not true. I would hope that this is within the framework of GATT, because I am sure the government realizes that it is inadvisable to offend any more people with whom we have to deal in our trading relations.

As I say, Mr. Speaker, this is a very technical matter and I do not propose to discuss it now. I suppose the minister, as Minister

[Mr. Drury.]

of Industry, has no estimates coming before the committee in the next few weeks as have other departments; but as Minister of Defence Production we will have the estimates of his department before the committee, or possibly we can discuss this matter when our friend the Minister of Finance brings his estimates before us. In the meantime we will study the proposal and be able to discuss it in the house at some length at a suitable opportunity.

Mr. Reid Scott (Danforth): Mr. Speaker, on behalf of the New Democratic party I wish to say that we are glad to have this measure placed before us after a great deal of discussion has taken place with regard to it in the public press, over the radio and on television. We recognize that it is an attempt, and I think a sincere one, to try to jolt the automotive production industry in Canada out of its traditional lethargy and bias against the production of automobile parts and equipment in this country for export purposes.

As was said by the previous speaker, the whole matter is one of great complexity, and it is very difficult at this point to even try to assess the response this measure will invoke, mainly because the automotive industry is owned largely in the United States. Therefore you have in effect the same companies producing on both sides of the border, and it is difficult to assess at this stage what type of reaction will follow, because you are not operating in the traditional market place or the traditional situation which might prevail among competing companies.

We have not too much detail this morning, so it is difficult to say what this measure really amounts to, but it does look suspiciously like an export subsidy; because in effect we are making a remission to the companies in return for exports. We are going to remit certain tariffs they are paying on goods they are importing, so to me it looks suspiciously like an export subsidy.

We hope this will not invoke any kind of retaliation from other quarters. We have been told that the United States government is urging the automotive industry in that country to band together to thwart this program. If this takes place it will create a difficulty for this government, and all of us certainly hope it will not happen.

The Minister of Finance, speaking the other evening in Hamilton, indicated that this program is going to be applied to other sectors of the economy. We hope that before this is done a great deal of research will be made available so that all people in Canada will have an opportunity to study it, and we will not get into programs that we may find it difficult at a later date to get out of.