

*Adjournment Debate**[Translation]*

**The Acting Speaker (Mr. DeBlois):** Does the House agree to call it six o'clock?

**Some hon. members:** Agreed.

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## PROCEEDINGS ON ADJOURNMENT MOTION

*[Translation]*

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

### TEXTILE INDUSTRY

**Mr. Jean-Guy Guilbault (Drummond):** Mr. Speaker, I want to thank you for giving me this opportunity to speak to a subject that is of particular interest to me, a subject I have already discussed in this House, and I am referring to the textile and clothing industries which are facing three major trade challenges.

First, they must adjust, efficiently and successfully, to the new Canada-U.S. trade system that has been in place since 1989. Second, they must adjust to the uncertain future of the Multi-Fibre Arrangement. And third, these industries will have to adjust to new changes in the tariff on textile products that will be introduced by the federal government to bring Canadian tariff levels more in line with those of our main trading partners.

First of all, Mr. Speaker, I may recall that sales generated by the clothing and textile industry are worth respectively \$8.5 billion and \$5 billion annually in this country. We must also remember that these industries tend to be the most labour-intensive.

I may also recall that under the free trade agreement, Canada and the United States agreed to eliminate, over a ten-year period starting January 1, 1989, all tariffs and other restrictive measures applied at the border. Both countries will, however, apply their tariffs to imports from other countries.

The agreement contains four clauses relating to trade in textile products and clothing which are particularly important. First, rules of origin; second, tariff quotas; third, duty drawbacks; and fourth, duty remissions.

I may also recall that since 1974, trade in textiles and clothing has been regulated by the Arrangement Regarding International Trade in Textiles, better known as the Multi-Fibre Arrangement. Under the MFA, Canada has negotiated several bilateral agreements on quotas with certain countries in order to restrict imports of clothing and textile products.

This arrangement, which expires July 1, 1991, is currently the subject of multilateral trade negotiations under GATT. In connection with these multilateral trade negotiations, Canada and the United States have suggested terminating the MFA. Both countries are in favour of global quotas.

Furthermore, the European Economic Community and developing countries are anxious to see a gradual reduction in customs tariffs on textiles.

Finally, Mr. Speaker, on March 22 this year, the federal government announced a tariff rebate program to improve the competitive position of Canada's textile and clothing industries. The program consists of three parts: first, an immediate reduction in tariffs on 13 special fabrics and yarns not manufactured in Canada; second, new duty remission programs; and third, a textile tariff reduction program that would gradually bring these tariffs in line with levels set by other industrialized countries.

Mr. Speaker, Canada's tariff on textiles is substantially higher than in most other industrialized countries. The Canadian industry seems to be adjusting relatively well to free trade with the United States in the present circumstances. However, we must not forget that the exchange rate is still a major factor in maintaining our competitive position.

In fact, our industry will be able to compete with the U.S. as long as the Canadian dollar does not exceed U.S. \$0.85 or U.S. \$0.86.

In this connection, Mr. Speaker, increased investment following the free trade talks reflected a desire to make the textile and clothing industries more competitive. It seems the textile industry stands to benefit more under free trade than the clothing industry.

In fact, the clothing industry is afraid that removal of the duty drawback program in 1994, together with the new double processing rule and low tariff quotas, will have a negative impact on future production.