I encourage this House to stand with me and oppose this bill. I have no intention of supporting it.

The Acting Speaker (Mr. Paproski): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mr. Paproski): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: On division.

Motion agreed to, bill read the third time and passed.

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INTEGRATED CIRCUIT TOPOGRAPHY ACT

MEASURE TO ENACT

Hon. Bill McKnight (for the Minister of Consumer and Corporate Affairs) moved that Bill C–57, an act to provide for the protection of integrated circuit topographies and to amend certain acts in consequence thereof, be read the second time and referred to a legislative committee.

Mr. Blaine A. Thacker (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, it gives me great pleasure to rise in my place today to begin second reading of Bill C–57, the integrated circuits topography act.

Integrated circuits as perhaps some members know, and probably most do not know, are really the building blocks for tomorrow's technology. These are little microchips that are used in everything from washing machines, video cassette recorders to military hardware and the space arm. Integrated circuits are the heart of modern information, communications, computing, entertainment, manufacturing, medicine, space exploration and research technology.

Although ICs, as they are called, represent only 5 per cent to 10 per cent of the value of many end–use electronic systems at the point of market entry, they really determine 90 per cent of the function and performance of such systems.

Canada's industrial competitiveness is closely tied to our ability to tap into integrated circuit technology, and our businesses have been quick to take advantage of the speed, efficiency and compactness that ICs provide.

The most recent figures indicate that Canada's consumption of ICs embodied in finished products amounts to more than $1 billion. Our consumption of individual circuit pieces such as silicon chips is over $600 million.

Although Canada is a heavy user of integrated circuits we are not yet a major producer. Our production of ICs in 1989 is estimated at some $300 million. Of that figure only $80 million worth is for market sale. The remaining $220 million is used by companies for their own in–house needs.

As an industrial nation, we rely upon the rapid development and diffusion around the world of integrated circuits. We turn to foreign suppliers, such as Japan, which produces some 46 per cent of the world market, or the United States which supplies some 44 per cent.

But businesses in Canada have carved out a small but lucrative share of the international market. There are some 25 companies in this country engaged in the design or design and manufacturer of ICs. These companies range from the giants of the industry such as Northern Telecom and Mitel to small scale designers and fabricators.

Although the Canadian industry supplies less than 1 per cent of the world demand for ICs, our companies are developing world–wide reputations for their ability to fulfil specialized niches.

Some Canadian firms have become international leaders in designing and fabricating ICs used in the telecommunications industry, a sector in which Canada's technological achievements are second to none.

In 1988, Canada exported $750 million worth of telecommunications equipment, 55 per cent of which went to the United States.

Other niches include the ICs used in hearing aids and amplifiers. Linear Technologies Inc. of Burlington, Ontario is estimated to have captured about 45 per cent of the world market.

LSI Logic Corporation, whose head office is in Calgary, has carved out a market niche by maintaining very close contact with its customers and being able to provide them with prototypes of new chip sets or with application–specific integrated circuits in as little as one week.