

*Customs Tariff*

to 7½ per cent to provide the offset that I have mentioned to the manufacturers of pipe.

The last thing I should like to mention is the amendment to item 399. I have indicated the effect of the amendment so perhaps I might read it now and then ask my colleague, the Secretary of State, to move it. The motion is:

That resolution No. 5 of the budget resolutions relating to the Customs Tariff be amended by deleting therefrom item 399 and by substituting therefor the following:

399. Pipes or tubes of iron or steel, more than 10½ inches in diameter, and fittings and couplings therefor, for use in the transmission of natural gas to points of distribution or in the transmission of crude oil: British preferential tariff, 10 per cent; most-favoured-nation tariff, 15 per cent; general tariff, 30 per cent.

Perhaps my colleague, the Secretary of State, would move that amendment.

**Mr. Courtemanche:** I so move.

**The Deputy Chairman:** As the resolution is in *Votes and Proceedings* may I dispense with reading it?

**Some hon. Members:** Agreed.

**Mr. McIlraith:** I have one or two questions arising out of the minister's remarks. I understood him to refer to the measurement 10½ inches in diameter as the well established differential between the two types of pipe. The tariff board made a finding on that which I interpret very differently. As I read their finding, they said it was merely a historical point at which the Canadian mills developed the capacity to manufacture pipe of that size, and in effect their finding was that the old items, 397a and 397b, had been changed in accordance with the changed capacity of the Canadian mills. I gave the reference to that a few minutes ago, page 43 of their report.

In their report they recommended that we go further than that because a substantial change from 16 inches to 36 inches in the capacity of the Canadian mills took place during the tariff board hearings. No government prior to the hearings would have made a change in the tariff item because the capacity of the Canadian mills had not changed.

Coming to the drawback item applicable to the minister's argument, I take it that he was referring to 1018a. I think that is right. I wanted to point out one or two facts to the house that I think are relevant. The first is that that drawback item was only applicable to pipe 16 inches or more in diameter. That means that in effect it was only applicable to pipe not made in Canada. They could just as easily have used the language, "of a size not made in Canada", because 16

[Mr. Fleming (Eglinton).]

inches was the largest size made in Canada in 1955 when that drawback item was put in the tariff, as I understand it.

**Mr. Fleming (Eglinton):** With respect, I think my friend is in error there. If you look at page 40 of the tariff board report you will see that under 1018b the size of more than 16 inches in diameter applies only to pipes or tubes electrically welded. It was confined to that.

**Mr. McIlraith:** That is my whole point. The type of pipe used in the transmission of gas is electrically welded and the limitation of 16 inches is the same as saying, "of a size not made in Canada." That was my whole point. The drawback item was specifically made applicable to a size not made in Canada, and that is my understanding of the matter.

That does not deal with the other type of seamless pipe which is used as oil country goods. That same argument was not applicable to it. It did not have that limitation which was equivalent to "of a size not made in Canada." I should like the minister to address himself to that point. If you follow through the drawback item you will find that as to 1018a there was no corresponding drawback item on the raw material going into pipes of that size if they had been made in Canada but that in 1018, which dealt with oil country goods or seamless pipe, there was a corresponding drawback item in the raw material because they were made from a different raw material.

**Mr. Fleming (Eglinton):** Mr. Chairman, I do not think there is much I can add to what I have said with regard to the diameter of 10½ inches. It was well established before under the old tariff as a point of difference between large pipe and smaller pipe. Following our negotiations with the United States, and I have indicated the difficulties we encountered there, we have simply reverted to the existing definition with respect to pipe more than 10½ inches in diameter and the rates which have hitherto been applicable thereto.

As I understand it, the hon. member for Ottawa West is arguing that there should be more protection for Canadian manufacturers of pipes and tubes than is available to them under the resolution.

**Mr. McIlraith:** No, that there should be the same protection as was recommended by the tariff board.

**Mr. Fleming (Eglinton):** Does my friend take objection to what we are doing on the ground that it provides too much protection