

Customs Tariff

industries along the border with the United States whose prime reason for being was cheaper labour costs. We have now seen the rapid development and growth of an auto parts industry in the northern border states of Mexico. Many of those industries use some parts from the U.S. and some from Canada, but the major assembly operation is done in Mexico.

I was in Windsor last Friday and visited a Canadian company called Tri-Way Machine Ltd. It is in the business of manufacturing or building assembly lines primarily for Ford, GM and Chrysler for use in auto plants in Canada and the U.S. Lo and behold, there on the floor of the plant was a huge assembly line. It is built there, taken apart, shipped to where it is going to be used, and then put back together. A very fine gentleman by the name of Joel Jones runs this first-class company, and I asked him where that assembly line, designed to make auto parts, was going. He said it is going to Mexico.

Therefore, when the Hon. Member for Ottawa Centre moves an amendment to make clear that under the terms of Bill C-87 any goods wholly or partly produced in Mexico shall not be deemed to originate in the U.S., he is not dealing with a concern which may or may not be realized one day. He is addressing, and I presume he realizes this, a problem which currently exists.

There has been a dramatic movement by the auto parts industry out of the U.S. and into Mexico. American business interests want to take advantage of very cheap labour rates. American industry is establishing new plants in Mexico to take advantage of very cheap labour rates.

● (1140)

Under the free trade pact that we have agreed to enter into, the auto part content rule is no longer defined as a Canadian content rule, it is defined as a North American content rule. Therefore, we are no longer required to have 50 per cent of parts from Canada in Canadian vehicles, but rather a North American content rule, and the Canadian requirement is no longer present. What happens? Auto parts that are built by American industry in Mexico using cheap labour and brought back into the United States, because of that cheap labour component—which is peanuts compared to the rates paid in this country, and that is a shame—will suddenly become part of the North American content rule. That is happening now. There will be a substantial displacement of both Canadian and American auto parts manufacturers in the content of North American vehicles that are produced on both sides of the border. That is what will happen.

I do not know to what extent the Hon. Member for Ottawa Centre realizes the importance of the amendment he proposed today, but I concur with it. The Hon. Member is not talking about a hypothetical situation that may arise. He is not talking about a danger in terms of displacement of Canadian jobs in manufacturing that may occur. In fact, through this amendment he has addressed a situation that is occurring today.

When today's trade is measured between Canada and Mexico, it will be discovered that the value of Canada's direct import of Mexican-made auto parts—not imports through the United States—exceeds the value of all Canadian products of every description that are exported to Mexico, and we are running a dramatically increasing trade deficit with Mexico.

I submit that unless this very sensible amendment is made to Bill C-87, and I cannot conceive that at least this one amendment would not be accepted by the Government, we will see an escalation in the amount of Mexican-made auto parts that are displacing Canadian jobs and Canadian manufacturing effort. I concur with what the Member has said. If there is to be, and there ought to be, a healthy, vibrant trading relationship with Mexico, which is an important country on the North American continent which has a right to participate in world trade, let it be on the basis of arrangements made between Canada and Mexico and let us not have this indirect, back-door, sneaky way of displacing Canadian manufacturing effort and jobs, without the knowledge of the Government, the industry, or the people of Canada.

I hope that the Minister will rise and show that he is above partisanship. I have not attacked him for this Bill. Will he show that he appreciates a problem being brought to his attention when it is brought properly and intelligently, and inform the House that this amendment will be accepted as drafted because it does a service to the House of Commons, the people of Canada, and particularly those people in the auto parts manufacturing industry who, more than ever before, are at risk because of the initiative of this Government with respect to free trade? The Government has been done a favour, and I hope that it has the good sense to recognize it.

Mr. Tom Hockin (Minister of State (Finance)): I wish to respond to the comments made by the two Hon. Members, and to speak to the motion.

This is one of the most important pieces of legislation that this Parliament will deal with, that is, harmonizing our tariff system for the decade ahead and beyond. It is an historically important document which has been worked out with all the other trading countries in the world. There has been almost 10 years of preparation behind this harmonization. It is one of the most important non-partisan Bills that Parliament will deal with, and it is being held up by this motion, which I will speak to shortly.

The comments of the Hon. Member for Humber—Port-au-Port—St. Barbe (Mr. Tobin) are important to make if the motion were necessary, but it turns out that the motion will be unnecessary to accomplish what the Hon. Member wants.

This legislation is doing something massive, and it must be put in place by January 1. We are harmonizing our whole tariff system with our trading partners.

Mr. Cassidy: The Americans are not doing it by January 1.