

Customs Tariff

about this in the Standing Committee on Finance, Trade and Economic Affairs, but I find the replies of the minister totally inconclusive and evasive. It seems to me, on the face of it at least, that there should be an avenue open for a ministry to be selective and say that, under appropriate legislation, if a board, having found there was dumping, imposed certain dumping charges according to law, then the minister or the government, as the case may be, could relieve against that decision. This is wide open to abuse and I should like the Minister of Finance to deal with this point in his reply.

There are four kinds of customs tariff that are applicable in Canada under schedule A. There is the very familiar British preferential tariff; then there is the most favoured nation tariff; then the general tariff which, of course, is the highest of all, and then a category that was introduced about 1972 or 1973 known as the general preferential tariff. The reason I want to talk about these categories is to determine the guidelines for the particular category into which a country will fit.

We know that the most favoured nation status applies as a result of direct treaty. There is in the structure, over-all, a general tariff; then there is an exception to the general tariff under the most favoured nation provision. Of course the ramifications of that are easily understood. If Canada negotiates a treaty with a certain country and thereby sets certain rates of import duty on certain commodities which are less than those provided for under the general tariff, any other country which gets the most favoured nation classification will immediately get the best possible deal in existence with regard to that commodity. I dare say most of the goods that come into this country come in under the most favoured nation classification.

British preferential tariffs came into being as a result of negotiations in 1932, and have been very important to the type of industry we have in Canada. As a matter of fact, if anything, that particular tariff has been important in bringing a branch plant industry to Canada. At that time the British Empire market was possibly the largest in the world, as politically defined. In order for American firms and others to compete at the most advantageous level, they had to establish branch plants or subsidiaries in Canada and then, of course, they came within the terms of the British preferential tariff.

The same thing is done today by the Japanese, the Americans, and the Canadians establishing branch plants or subsidiaries in common market countries. The common market has an additional deal, however. Since the 1930s the non-tariff barriers have been refined, which can sometimes prove as highly effective as a 100 per cent duty in keeping Canadian commodities out of, say, the common market.

We ourselves, are moving against the British preferential tariff classification. As a matter of fact, the backbone of this budget is a retaliation or restriction imposed upon commodities manufactured in the United Kingdom and Ireland because those areas have now joined the common market. We do not want common market countries to push their goods through

the United Kingdom or Ireland into Canada under the lower BP.

I want a better explanation for this move than that we want to encourage the manufacturer of certain commodities in Canada so we are going to place restrictions against the British. It has to be shown that the Canadian production would benefit Canada not only in the number of jobs that may be created but also that Canadian consumers will benefit. I find it an exercise in futility to say that we are going to establish a particular branch plant which will provide, say, some 300 jobs, but that its production will cost 15 per cent more than before and is going to keep on costing 15 per cent more. Of what benefit is that to the Canadian consumer? I hope there is a good answer. The proposals in this legislation which cover this particular restriction are rather sweeping.

What guidelines have been laid down to establish the list of countries entitled to general preferential tariff treatment? I thought they were developing countries—third world countries. When I examined the list, however, I found some rather sophisticated countries with manufactures that are not just handicrafts or agriculture or the basic products that we would import in great quantity. Why do we have a general preferential tariff for Argentina, for Greece, Hong Kong, the Republic of Korea, Romania, Venezuela, and Yugoslavia? Those are examples I have chosen. I do not particularly want to single out these countries. It seems to me in many aspects these countries are as far advanced as Canada. Their economies are strong. Why would we want to extend to them the general preferential tariff?

● (1552)

I find it extraordinary for instance that I would extend the same tariff rates to the Argentine that I would give, for instance, to the Ivory Coast, to Jamaica, to Liberia or to Malawi. Down the list we go. I have no objection whatsoever to this category, and I have said so in the past. I think most of the countries included in the list deserve being placed on that list. But again, I am going to ask the Minister of Finance to indicate why the countries I have mentioned have been included. And if Romania is on the list why would Hungary not be on the list, or Bulgaria? Those countries are at the same levels of development and, in many ways, they are much further ahead than Canada. But why are they on this third world list?

I have a few more things to say. On a personal basis I am pleased that the minister has agreed to create the item of 40917-1 which is not anything of great quantity but will be something of great import to western Canadians later this year in dealing with crop spraying or crop dusting. That is simply articles of any material designed to be ejected from aircraft for use as markers in crop spraying or crop dusting operations. These are a form of degradable paper which is not made in Canada. The market here in Canada is not big enough to justify any paper mill making these items in this quality and quantity at a price that would be economically feasible for the farmers concerned. These paper products are made by a couple