



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, October 25, 2005  
(Part A)**

—

**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Tuesday, October 25, 2005

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

•(1000)

[*Translation*]

### CANADIAN INTERNATIONAL TRADE TRIBUNAL ACT

**Mr. André Bellavance (Richmond—Arthabaska, BQ)** moved for leave to introduce Bill C-430, An Act to amend the Canadian International Trade Tribunal Act and the Special Import Measures Act.

He said: Mr. Speaker, I am honoured to be introducing a bill to amend the Canadian International Trade Tribunal Act and the Special Import Measures Act, mainly so that trade unions representing workers engaged in the production of goods affected by dumping or subsidizing can request inquiries. This is currently prohibited.

By introducing this bill, the Bloc Québécois seeks to correct this grave injustice, at a time when globalization is threatening many of our jobs such as those in the bicycle, textile or furniture industries. With regard to the last example, I condemn the closure of the Shermag plant in Victoriaville. From now on, we want consideration for job protection.

Finally, I want to thank the member for Joliette for his assistance in preparing this important bill, which, if passed, will have a positive impact on thousands of vulnerable jobs.

(Motions deemed adopted, bill read the first time and printed)

\* \* \*

•(1005)

[*English*]

### CONTROLLED DRUGS AND SUBSTANCES ACT

**Mr. Rob Merrifield (Yellowhead, CPC)** moved for leave to introduce Bill C-431, An Act to amend the Controlled Drugs and Substances Act.

He said: Mr. Speaker, it is a privilege to introduce this private member's bill that would amend the Controlled Drugs and Substances Act so that we send a message about the substances

that are on schedule 1. I assume those substances will be changed according to the government's announcement this year which would add methamphetamine to the schedule 1 group of substances, which would include heroin and cocaine.

The possession of those drugs come with a lifetime sentence as a maximum but they have no minimum. My bill would make it a minimum of two years for a first offence and five years for a second offence. This would send a message to our courts that we need a minimum sentence and that we need to take these kinds of incidents seriously. It also sends a message to our communities that we are prepared to stand before them and protect them from the criminals who are involved with these kinds of substances. It would also for trafficking, importation and exportation.

As well, the bill talks about when the methamphetamine labs are in the vicinity of underage children that they will be recognized in the court of law.

Those are the two ingredients in the bill. I encourage all members to support this private member's bill.

(Motions deemed adopted, bill read the first time and printed)

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### INCOME TAX ACT

**Mr. Jay Hill (Prince George—Peace River, CPC):** Mr. Speaker, there have been consultations between all parties and I think you would find unanimous consent for the following motion. I move:

That, when private members' business is called later today, the motion for second reading and reference to the Standing Committee on Finance of Bill C-271, an act to amend the Income Tax Act (tuition credit and education credit), be deemed moved by the member for Westlock—St. Paul and seconded by the member for Cariboo—Prince George.

For clarification, the sponsor of the motion, the member for Westlock—St. Paul, would retain the right to speak again for not more than five minutes at the conclusion of the second hour of debate or earlier if no other member rises in debate pursuant to Standing Order 95(1).

**The Deputy Speaker:** Does the hon. member have the unanimous consent of the House to move the motion?

**Some hon. members:** Agreed.

**The Deputy Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

*Routine proceedings*

(Motion agreed to)

\* \* \*

[*Translation*]

**U.S. WESTERN HEMISPHERE TRAVEL INITIATIVE**

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, I believe that you will find unanimous consent for the following motion, which I am moving in cooperation with colleagues from all the other parties. The motion reads as follows:

That, in the opinion of this House, the United States government should reject the possibility of having a mandatory requirement that American and Canadian citizens present their passport when crossing the Canadian-American border.

• (1010)

[*English*]

**The Deputy Speaker:** Does the hon. member have the unanimous consent of the House to move the motion?

**Some hon. members:** Agreed.

**The Deputy Speaker:** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

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**PETITIONS**

ADOPTION

**Mr. Jay Hill (Prince George—Peace River, CPC):** Mr. Speaker, as I have been doing at every opportunity this fall, it is again my pleasure to present a petition, this one on behalf of citizens from Dorchester, Ingersol, Guelph, Ajax, London, Pickering, all from Ontario, and Saint-Léonard and Lachine from the province of Quebec.

All of the citizens wish to draw to the attention of the House that every year there are about 2,000 young children adopted from foreign countries and brought to our land. In spite of the fact that other nations, specifically the United States of America and Great Britain, grant automatic citizenship for these young children, our country does not.

Therefore the petitioners call upon Parliament to immediately enact legislation to grant automatic citizenship to those minors adopted from other countries by Canadian citizens with this citizenship being immediately granted upon the finalization of the adoption.

I note that the Minister for Citizenship and Immigration has committed to the Canadian people to introduce stand alone legislation to accomplish this, and I would hope that he would do it post-haste.

[*Translation*]

CANADA POST

**Mr. Roger Clavet (Louis-Hébert, BQ):** Mr. Speaker, like other of my colleagues in the Bloc Québécois, I am extremely pleased

today to present a petition in favour of maintaining postal operations in Quebec City.

You can see the size of the petition. It has been signed by 130,000 people who oppose the closure of the postal sorting facility in Quebec City. They call for mail processing operations to be maintained in our regions, and for the related jobs to be maintained as well.

It is with great honour and pleasure that I am today presenting a portion of the petition, signed by several thousand people.

**Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ):** Mr. Speaker, like my colleague from Louis-Hébert, I am pleased today to present a portion of the 130,000 signatures on a petition opposing the closure of the Quebec City postal sorting centre. The people in the Quebec City region are justifiably concerned. We can only hope that the government and Canada Post will heed these 130,000 citizens this time.

[*English*]

NUCLEAR WEAPONS

**Hon. Paul DeVillers (Simcoe North, Lib.):** Mr. Speaker, pursuant to Standing Order 36 it is my pleasure to present a petition from constituents of Simcoe North petitioning the House to make Canada a nuclear weapon free zone.

QUEENSWAY CARLETON HOSPITAL

**Mr. Pierre Poilievre (Nepean—Carleton, CPC):** Mr. Speaker, it is an honour to rise today to introduce a petition from my constituents who wish to see the Queensway Carleton Hospital protected from a major Liberal rent increase.

The Queensway Carleton Hospital is the only hospital that is forced to pay rent to the federal government for the land it sits on. I note with interest that this petition has garnered the support of the provincial Liberal health minister who has come to the support of the Queensway Carleton Hospital and has fallen into disagreement with the current federal Liberal government.

It is an honour to introduce this petition and the subject matter will be voted on tomorrow in the House of Commons with my Motion No. 135.

\* \* \*

[*Translation*]

**QUESTIONS ON THE ORDER PAPER**

**Hon. Dominic LeBlanc (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I ask that all questions be allowed to stand.

**The Acting Speaker (Mr. Chuck Strahl):** Is that agreed?

**Some hon. members:** Agreed.

*Government Orders***GOVERNMENT ORDERS***[English]***CRIMINAL CODE**

The House resumed from October 24 consideration of the motion that Bill C-64, An Act to amend the Criminal Code (vehicle identification number), be read the second time and referred to a committee.

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** Mr. Speaker, I am very pleased to be able to put some comments on the record concerning Bill C-64, a bill to amend the Criminal Code in regard to vehicle identification numbers.

Auto theft is a huge problem in cities all across Canada. In fact, across Canada in 2003, 170,000 vehicles were stolen.

Today I would like to talk about my home province of Manitoba. As the member of Parliament for Kildonan—St. Paul, I have to say that the crime rates and the rate of vehicle theft are extremely high. Under the guidance of the present Liberal government, we have had real problems controlling this.

In 2004 there were 13,425 vehicles stolen. After talking to community people and in schools and in speaking with people in the justice field in Manitoba, I must say that it all stems from the Youth Criminal Justice Act, which the present government put forward. When the Youth Criminal Justice Act was changed, there were no teeth in it and, over a decade, the Liberal government has not been able to keep the citizens of Canada safe.

Today when we talk about Bill C-64, we talk about it because a very honourable man, Chuck Cadman, put forward an initial proposal that had some teeth in it. Chuck Cadman knew the seriousness of the stolen vehicles issue, the danger that it put youth in, and the problems it put on the backs of families when they were unable to pay for the damage from what I call the joyriding or the stolen cars.

In Winnipeg, as I said before, it is a real problem. In 2005, on average, a vehicle is stolen in Winnipeg every hour, so when we hear the Liberal Party talking about being tough on crime, it is rather worrisome to hear the hyperbole in this House of Commons without any action being put in place.

Chuck Cadman put forth an idea in this country, the idea that people had a right to be safe. He put that forward because in his own life he had experienced a very tragic event, so he started looking at all the aspects of how we could make innocent victims safe.

With the stolen vehicle problem, people in Winnipeg and Manitoba are very fearful of having their vehicles stolen and having no recourse. For the youths and others who steal these cars, because it is not only youths who do it, there are very few or no consequences for their actions. As I said earlier, that is largely due to the Liberal government's watering down of the Youth Criminal Justice Act. It has no teeth. The youths know it. It has no credibility.

Thus we see the litany of the history in over a decade since the Liberals came to power. We see the litany of a history of ineffectiveness, of keeping crime under wraps in Canada.

Chuck Cadman put forward some really good ideas. I want to put this on the record, because in order to better reflect Mr. Cadman's initial desire to create a useful tool for enforcement agencies to tackle auto theft and organized crime, the legislation should remove part of proposed section 377.1(1). This was recommended by Chuck Cadman.

As we know, members opposite in the Liberal government are touting these two bills as the Cadman bills. In actual fact they are not the Cadman bills, nor do they have the intent that Chuck Cadman had when he put these bills into play.

• (1015)

He said, in proposed section 377.1:

Everyone commits an offence who, wholly or partially alters, removes or obliterates a vehicle identification number on a motor vehicle without lawful excuse....

Here is what was added:

—and under circumstances that give rise to a reasonable inference that the person did so to conceal the identity of the motor vehicle.

This last part was added to Chuck Cadman's original bill and adds to the Crown's job of proving the offence. The phrase "reasonable inference" is ambiguous and could give rise to holes in the bill's successful implementation. Mr. Cadman put the onus of proof for a lawful excuse on the person indicated, which is not included in this bill, Bill C-64.

The problem with the history that the Liberal government has left with Canadians in terms of dealing with the justice system is that we now have a justice system in disrepair. We now have an environment of fear in Canadian cities and on Canadian streets about the safety of the innocent victims who are there every day.

Just a couple of weeks ago, when we voted on a bill to raise the age of consent from 14 to 16, members opposite defeated that bill. The Liberal government said no. In this country, 14 year olds now can lawfully have sex with adults. That is wrong.

Then the government used Chuck Cadman's good name and said it would be tough on crime. The only problem is that the bills that have been brought forward, like this one, Bill C-64 on vehicle identification number removal, do not reflect the spirit of what Chuck Cadman meant when he wanted to make sure that there were some teeth in the bill.

Let us look at the gun registry. Everyone knows that we want guns off the streets. We know now that there is more gun violence across Canada than ever before. This is another historic blueprint that the Liberal government has put on the backs of Canadian citizens. There is a lot of money for scandal. There is a lot of money for Liberal-friendly people, but there is no money for soldiers or police forces or for putting more police officers on the street.

When we talk about vehicle identification removal, we have to put the teeth into everything so that there are consequences for the crimes committed. When in Manitoba in the city of Winnipeg a vehicle is stolen every hour and when we have diminished police resources and a Youth Justice Act that has no teeth, we have big problems.

*Government Orders*

Also today, I would like to applaud this honourable former member of Parliament, Chuck Cadman, who did everything he could to make Canadian streets safer.

Motor vehicle theft costs Canadians an estimated \$600 million a year. The impact that this crime has on families is phenomenal. Clearly in this decade it is so regrettable that the current Liberal government is unable to get a plan forward that can protect the citizens of Canada.

For my province of Manitoba, I have to say quite clearly that Canadians can take a lot of hope from the policies we have on this side of the House and from the information and the plan we on this side of the House have.

• (1020)

**Mr. Joe Preston (Elgin—Middlesex—London, CPC):** Mr. Speaker, I thank the member for her story today.

Mr. Cadman came forward with two pieces of legislation, the one we debated last week and this one that we are debating today. Those bills were very strong and were very dear to his heart. They had some very good teeth in them, so to speak, to help prevent the two crimes he talked about, including this particular one about vehicle identification number removal.

Could the hon. member share with the House why she thinks the government, in Chuck Cadman's name, has watered down his two pieces of legislation, specifically this one, and has made them not nearly as strong or as easy to enforce as they might have been?

• (1025)

**Mrs. Joy Smith:** Mr. Speaker, my colleague's question is a very good one. The problem is the culture of a philosophy about crime issues. Members opposite have a philosophy that does not protect Canadians. There are no teeth in the laws nor are there consequences for crimes that are committed. Chuck Cadman's name is used on this bill, but it does not resemble what the hon. member had in mind to curtail these crimes.

It is really a very serious environment that has been set up in Canada, an environment where crime reigns supreme, police officers are diminished and we have big problems on the streets in every major city across Canada.

**Mr. Garry Breitkreuz (Yorkton—Melville, CPC):** Mr. Speaker, I have a question for my colleague as well. I appreciated her remarks. My reaction to this legislation and much of what is debated in the House is this: why do we not really get to and start debating the real causes of violence and crime in our society? We seem to be very superficial in a lot of discussions of this.

I want to zero in on something that has happened in Saskatchewan over the last 30 years or so. Saskatchewan now has the highest property crime rate in Canada and most of North America. The real concern of people in Saskatchewan is that we do not have enough police officers on our streets.

In some cities in the province, we have over 140 Criminal Code incidents per police officer. Now, if we pause and reflect on this statistic for a minute, we will realize that some of these police officers have to deal with a Criminal Code incident every second day of their working lives in the province. How can policemen do a good

job of witnessing in the courts and of targeting the criminals in our community when they are so stressed out? They have to do all the paperwork as well, and the amount of paperwork involved in dealing with some of these Criminal Code incidents now is horrific.

It seems as though the Liberals want to get us talking about all kinds of extraneous issues when in fact we should be talking about targeting and improving the enforcement of law and order in our communities. I wonder if the member could comment on that.

**Mrs. Joy Smith:** Mr. Speaker, my colleague's comments and his question are very insightful. I think he has hit the nail on the head: we have to get serious about making sure that we can curtail crime.

Police officers have more to do in terms of paperwork. They lack technology and resources behind the scenes to enable them to do their jobs.

Being a police officer is a very stressful job. Police officers are very committed people who go above and beyond the call of duty every day. They are very brave individuals. From the perspective of being the mother of a police officer, I know the caring that goes into the police regiments that we have across this country.

More important, what we have to do is make sure that more resources are put into police forces so police officers can extend their current role on the street. That role is more than just chasing criminals; it is also a role of befriending young people so they have someone to come to if a drug dealer is pushing them.

Under the Liberal government's watch, crime has risen. Unfortunately, it is out of control now. The only way it will be changed is to have a Conservative government in power that will put some teeth into legislation.

• (1030)

**Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC):** Mr. Speaker, it is pleasure to speak to Bill C-64, which is being touted as part of Chuck Cadman's legacy. Many on this side of the House would challenge the legitimacy of that claim.

I am relatively new to this place, having been elected just over a year ago. As such, I never really had the opportunity to know Chuck Cadman. Before I became a member of Parliament, I heard of Chuck and his story of the tragedy that mobilized him to get involved and ultimately run as a member of Parliament. While here, he continued to do his own thing. He did not change to suit this place. He had his own agenda and he pursued issues that were important to him.

The bill before us is being promoted by the government as part of the Chuck Cadman legacy. Based on all I have heard from people who knew Chuck much better than I did, and having looked at Chuck's draft legislation in comparison to the bill before us, I suggest the government is callously and quite cynically sully Chuck's legacy and reputation by bringing this forward as something he wanted to see. It is a pale imitation of what Chuck wanted.

We all know that cars and trucks are made up of lots of different pieces. We also know that cars get stolen either in whole or in part. When a set of used tires is purchased from somebody, there is a chance that those tires might have been stolen. Those types of things are hard to track. The police struggle with this, and it is a problem that will not go away.

*Government Orders*

Each vehicle has an identification number. It is a long tag that is often located just inside the windshield. That VIN identifies the particular vehicle. It is on that basis that the vehicle is registered and licensed so it can be legally driven. That vehicle identification number is one piece of the puzzle of which the law should be able to keep track.

While it may be possible to inadvertently or mistakenly take some piece off a car and sell it or trade it, it is impossible to imagine a situation where a person would accidentally take the vehicle identification number off one vehicle and place it on another. It is beyond reasonable to come up with any scenario where that would happen as an honest mistake or that someone would buy a vehicle knowing that had happened and not think there was something illegal about it.

The world has changed. Cars are more valuable than they ever have been. Many cars stolen these days are exported out of the country. This has made the job of law enforcement even more difficult. It is more difficult to keep track of where these vehicles have come from or where they have gone.

The law needs to change with the times. When there is an obvious loophole or weakness in a law, it is important that something be brought forward to plug that gap. That was Chuck's intention when he brought forward his private member's bill.

In bringing this legislation forward, the government added some words that do not look harmful on first reading. Where I come from we call them legal weasel words. Those words substantively change the impact of the legislation. The reference is, "and under circumstances that give rise to a reasonable inference that the person did it to conceal the identity of the motor vehicle". The onus is now on the police to prove that the person who switched the vehicle identification number did so with criminal intent.

I go back to my first point. It is impossible to accidentally do this or do this for any reason other than to conceal the identification of a vehicle. If it were done, it was done with criminal intent. There is no other reason or way to switch that number other than to do it deliberately. This phrase greatly weakens the bill.

• (1035)

If this bill is passed, a year or two from now, people will be able to look back and ask if Bill C-64 had any impact or was it one more watered down bill, full of legal weasel words that had no impact on the ground. The fear of my party and many of my colleagues is that Chuck's bill in its pure form would make a real impact. It would reduce the number of car thefts by empowering police officers to prosecute. Whereas Bill C-64, as put forward, will have no such impact.

That begs the question as to why the government has brought this forward at this time. Why is it pushing something forward that even in private I am sure it would admit would not change much?

It takes me back to last spring when the government was threatened. The Prime Minister and his cabinet were fearful that the government may fall and an election might be caused. In a defensive, save one's own bacon move, the Prime Minister went on his deal making tour last spring. He tried to do everything imaginable to stay

in power himself and to avoid any sort of democratic process in this place that could threaten his government.

Before a critical vote on the budget last spring, Mr. Cadman, who was quite ill at the time, was in town. We all remember the attention on Chuck on whether he would say yes or no. On the Monday evening, a day or two before the critical vote, it was reported that the Prime Minister went to visit Mr. Cadman. What any of us would have given to be a fly on the wall in that meeting.

We have heard stories about other members who were approached with deals, offered goodies, jobs and cabinet seats if they supported the government. We cannot ask Chuck what he was offered on that day. However, I do not think it is unreasonable to speculate that the Prime Minister may have offered Mr. Cadman his commitment that the government would move forward on at least one or two things about which Mr. Cadman felt very strongly.

We do not know whether that was offered, but it is not beyond the realm of the possible. Knowing why Mr. Cadman ran for Parliament in the first place and knowing why he was here and what he felt so strongly about, such a promise or commitment may have influenced his view on whether the government should continue.

Now we get to the really cynical part that. As Canadians know, Mr. Cadman passed away this summer, so we do not have him here to ask that question. We do not have anyone here to answer the question about what was discussed, what was agreed to, what deal was made and whether the Prime Minister and the government lived up to the terms of what they said they would do.

Again I am going to speculate, but what has been put before the House is the most cynical response to that, which is the government will keep the letter of a commitment it made to somebody but, practically, it will weaken it in such a way so that it will do nothing. I have thought about this over past couple of weeks, about why these things have been brought forward for debate, and I think that is a better explanation of how these things got on the order paper and why they are before us now, in this relatively meaningless context.

The irony is that we on this side of the House feel strongly about these issues. We have spoken about them and fought for them for many years. We are opposing a bill that purports to do what we want. Canadians will be sitting at home thinking that the Conservative Party talks about getting tough on crime all the time, that the Liberals have brought something forward saying it will get tough on crime, yet people in the Conservative Party oppose it. I think it is a little Alice in Wonderland-ish for viewers at home.

I want to go on the record for those people who may be watching this today. The Canadian people are being sold a bill of goods by the government. The bill says that it will do something, but it will not do much. It is the placebo bill. It looks like a remedy and it looks like something that would attack an ailment in society, but it will have no impact. Police officers say that. Members on this side of the House who have tracked this issue for years say that.

*Government Orders*

●(1040)

In conclusion, this is a sad day for Parliament and it is a sad day for the government. I can only presume it is doing this in a deliberate, calculating and cynical way. It is a particularly sad day that the legacy of a member of this place, who felt very strongly and who fought throughout his political career to try to make real change by improving on issues that he knew affected his constituents, is being sullied in this way by the government.

[*Translation*]

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, I want to respond to the Conservative member's comments. It seems likely to us that the Liberals are proposing measures in Mr. Cadman's name following his death and in light of his vote in this House last fall.

In any event, we support this bill. How can the Conservative member be opposed to Bill C-64? This bill gives police another way to fight against the networks for theft, alteration and resale of motor vehicles, which, as we know, enable criminal organizations to exist and expand in our society.

I heard the Conservatives say that the penalties and consequences were not significant enough for them. We, the members of the Bloc Québécois, know that in Quebec, we believe strongly in cracking down and using deterrent action to fight organized crime. And we also believe in preventive measures. We know that cracking down does not solve everything. In my opinion, there are some valid penalties in the bill.

I want to know what the hon. member has to say on this. Does he believe that an additional multi-year prison sentence can further resolve the situation? Personally, I doubt it. What measures would he prefer to see introduced?

[*English*]

**Mr. Barry Devolin:** Mr. Speaker, in the past year I have seen a problem in the public realm identified and someone, whether a private member, a party or the government, brings forward a proposed remedy to that problem. What is difficult is when, as a member of Parliament, one looks at the proposed remedy and comes to the conclusion that it will not fix the problem or that it will do very little to fix it.

The danger is if one supports that measure and it goes forward, the public gets a false sense of security. It gets a false sense that something has been done and that a remedy has been put in place for the problem or the ailment which has been identified.

As members of Parliament, we must decide whether it is better to support a remedy that is imperfect but moves at least in the right direction or whether it is better to hold out for what we think is needed and in that case defeat the imperfect remedy, recognizing that the appetite for another bill will be greatly reduced if we pass the watered down bill. That is a decision members and parties have to make.

In terms of the penalties, the proposed penalties and sanctions against those who are convicted under legislation only become relevant if law enforcement is able to get a conviction. It is like the argument we have in this place about maximum sentences. It is a

completely irrelevant argument because no one ever gets a maximum sentence.

In this case I would argue that we need to first look at the threshold or the burden of proof that law enforcement or prosecutors will have to get a guilty conviction and then see whether the penalties prescribed are appropriate. To focus on the penalties and ignore the fact that it is very unlikely that anyone will ever be found guilty under this new law, at the end of the day means that it has negligible impact. Worse than that, it has created a false sense of security among the population that something has been done.

Finally, it probably reduces the chances of bringing forward something in the future that will fix the problem because there is a misconception that the problem has already been resolved.

●(1045)

**Mr. Ken Epp (Edmonton—Sherwood Park, CPC):** Mr. Speaker, I am honoured to represent the constituents of Edmonton—Sherwood Park in this debate today.

As has been noted, Edmonton is the same as other cities in that it has a notable problem of vehicle thefts, from youngsters taking them for little joyrides to organized crime hitting luxury and other desirable vehicles. Sometimes they use vehicles that are just easy to get into and easy to get running. It is a great cost, a great inconvenience and a great affront to law-abiding citizens who work hard to earn the money to pay for their vehicles only to have them ripped off like that. Certainly in principle, and I think I speak on behalf of all of my party, we agree that measures need to be taken in order to reduce this crime.

Members know that I love numbers. I have been a student of math in my life and I like doing little calculations just for fun. It just so happens that 12 years ago today, many of us here were first elected. It was on October 25, 1993 when we came here in significant numbers under what was then the Reform Party. Now we have brought the Conservative forces together under the new Conservative Party. It is wonderful to see that finally Canadians have a real alternative to the Liberals.

I find it ironic that the Liberals are bringing in legislation that purports to strengthen the fight on crime when there is quite ample evidence that the Liberals themselves, and I do not know if it is parliamentary but I think it is a fact, have been engaging in illegal criminal activities. There is ample evidence on the record that this has been taking place in the past and for all we know it is still taking place. Here the Liberals are saying, "We are going to go after the guy that steals the car, but we will see if we can run away with \$1 million or \$2 million and get away with it". To me that has a bit of irony.

On that topic, I think of the sentence for Paul Coffin, which is now being appealed of course. He got this huge sentence and he has to give lectures on ethics at universities because he was convicted of a crime, but it is onerous because he does have to be home by nine o'clock, which I think many of us as members of Parliament would welcome. It would be more of a reward than a punishment if we could be home by nine o'clock.

I am getting on to the topic now. A reporter from the *Sherwood Park News*—



*Government Orders*

**Hon. Don Boudria:** Mr. Speaker, I rise on a point of order. We are all aware of the sub judge convention, when a matter is before the courts in a criminal case.

**An hon. member:** Oh, oh.

**Hon. Don Boudria:** Mr. Speaker, I think an hon. member who is not participating in the debate seems to have immense knowledge that he will no doubt want to share with us when he has the floor. We will be waiting anxiously for his usual wisdom.

Meanwhile, on a more serious note the sub judge convention is quite clear in a criminal matter, that when an issue is before the courts it cannot be referred to in the House. That is suspended once a verdict has been rendered. I believe our clerks can advise you, Mr. Speaker, but it is reactivated once an appeal has commenced.

The issue that the member has referred to is presently an issue on appeal. Therefore, it is before the courts and therefore, it is sub judge because it is a criminal case.

• (1050)

**The Deputy Speaker:** I thank the member for Glengarry—Prescott—Russell for that intervention. I would ask all members to be careful when they do use examples that are before the courts. Something that is under appeal is still before the courts.

Perhaps the member for Edmonton—Sherwood Park would use a general example without using a specific case in his remarks.

**Mr. Ken Epp:** Mr. Speaker, I am very happy to be corrected both by you and the hon. member opposite, who is very sensitive to these things, and I appreciate that.

I will, however, continue to say that the reporter said that she had been in the courts in Sherwood Park and on numerous occasions had seen that youngsters who had been found guilty of shoplifting from the local mall or for taking a car for a joyride, and that is the connection I am making, had received penalties that were more onerous than the aforementioned one which I cannot not talk about and I will not. The general principle is that the Liberals just do not believe in having individuals pay some consequences for disobeying the rules in our society. They think there is nothing wrong with it, but a wink-wink, nudge-nudge and do not do it again does not work.

I have said many times in the last 12 years that I have been in this House that there is no law this place can pass that will make people good, but there is something we can do that will help to restrain those who do not have a built in moral compass that prevents them from doing bad things.

When it comes to things like vehicle theft, we are not talking about joyriders. Most joyriders will pick up a vehicle but they are not going to change the vehicle identification number. They will take it for a little ride and then park it some distance away from where they found it and then those youngsters will go home at three o'clock in the morning to their parents who do not know where they have been, which is a whole other issue to talk about. Those youngsters just took the car for a ride.

When we talk about vehicle identification alteration, we are talking about organized crime. We are talking about big business. We are talking about people who wander around the streets at night in

closed trucks. They will suck the vehicles into the truck in a matter of minutes, close the doors and away they will go. They will not be caught. They will change the vehicle identification numbers and then ship the vehicles off in containers to other countries. They will make millions and millions of dollars at our expense. Whether we take the loss personally or whether the insurance companies reimburse the person who suffered the loss, it all comes out of the Canadian economy and out of the pockets of individual Canadians. These property crimes need to be addressed.

I was glad that my colleague who spoke just before me mentioned about the deal. We will never know what kind of a deal was struck. Chuck Cadman was a friend of mine and I knew him well. I know he was a man of principle. Following up on what my colleague said, my conjecture is that the Liberals probably said to him something like, "If you vote with us, we will make sure that some of the things you have been pushing for will happen". That is conjecture but I think that may have happened and I think Chuck Cadman at that stage would have said, "No deal". If I know Chuck at all, he was not into cutting deals.

I believe that the Prime Minister and the Liberals are bringing in the two pieces of government legislation simply because their consciences are bothering them like crazy with Chuck Cadman having passed away and they now feel an obligation to try to do something that they had implied or promised that they would do.

However, the Liberals cannot bring it upon themselves to actually follow his advice and put in a bill the same wording as what Chuck Cadman had proposed. What the Liberals have added is absolutely ridiculous. It refers to a person who commits an offence under circumstances that give rise to a reasonable inference that the person did so to conceal the identity of the motor vehicle. Huh? What would you say, Mr. Speaker? Hello. Why would someone change the vehicle identification number? Why would someone even bother if the person was not trying to conceal the identity of the vehicle?

• (1055)

We could get into the debate that there are people who sometimes put together one or more vehicles and they have to do this. It is not illegal if they obtained the vehicles they are putting together legally, but the bill covers that. "Lawfully" is in there. That is lawful.

Those other people are doing something that is not lawful and what we are doing is giving them a huge excuse in the courts. There will not be any convictions under this legislation. This is just a feel good measure that was brought in by the Liberals in order to appease their failing consciences, if they have any at all, and I really doubt that they do.

In the 12 years that I have been an MP, some two million vehicles have been stolen. It is time that we addressed this issue in a serious manner. I unfortunately will have to vote against this bill because it goes opposite to what really needs to be done.

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** Mr. Speaker, my hon. colleague made insightful comments. I am sure the Canadian people wish they could call the government to order and tell the Liberals that we need to get crime under control.

*Government Orders*

The member made a comment about joyriding. We know that there are not enough police officers on the streets. We know that the present government has not brought crime under control. As the member across the way mentioned, this is a placebo bill. We cannot support this bill because it is a placebo bill.

Perhaps the member could comment on car theft, in that it starts with joyriding, but statistics show that it starts small and grows big. It does not generally grow into very strong, major crimes right off the bat. With this particular bill, it is the second level. First they start with joyriding, and then they start stealing cars and taking them to the chop shops.

Could the member please comment on the kind of environment that we have in Canada that allows for this kind of thing to go on under the present government?

**Mr. Ken Epp:** Mr. Speaker, that was a very insightful question and it is one of the themes that I have been pushing pretty well all my life, certainly long before I became a member of Parliament. I strongly believe that all of our actions, whether they are moral or immoral, good or bad, useful or not useful, are driven by what we think. The first thing, of course, is how we think about these things.

If there were no law for stealing vehicles, no law against murder or robbing banks, for me it would make no difference because I am not going to do those things anyway, even if I were in a country with no laws. Those sorts of things are wrong. I have that built in but a lot of people do not and therefore we need to strengthen our homes, churches and schools in all these areas of thinking.

At one time we had teaching in our schools about what it means to be a good citizen. One of the things I remember learning when I was a youngster in elementary school was that good citizens obey the laws. That is a given and we have that drummed into us. We were taught that by word and by example. We had teachers who gave us those examples. We had parents and grandparents who taught us that and regularly reinforced that.

Indeed, that is the true beginning of prevention of bad behaviours. We need to strengthen that.

I really wish that we had leadership in our country and in our provincial governments that would strengthen that part of our education component.

The member went on to ask a question concerning joyriding and the fact that nothing is being done about it. That is true for all sorts of things, whether it is shoplifting, joyriding, taking a vehicle, stealing other things, petty theft or vandalism. Although we have all been falsely accused of wanting to lock everybody up, that is not what we want.

I have huge compassion for these kids. I have been to the youth detention centre and I see the potential we have there that has the probability of being wasted if we do not turn these kids around. However something needs to be done. We cannot simply say that nothing will happen.

When these youngsters are found and brought in after a joyride, I would like to see them stand in front of the judge with their parents. Let us hold this family unit together and make them mutually accountable. None of us are an island. We all live in families of one

sort or another. Let us be together on this. Let us reinforce proper behaviour, instead of blinking our eyes at improper behaviour and thereby encouraging it.

The simple rule in psychology is that whatever behaviour is rewarded is repeated. Whatever behaviour is punished, in whatever form, will generally diminish. We know that with taxation. The Liberals punish us with taxation and consequently our society is not as productive as it could be. That is only one example but there are many examples where this is true.

● (1100)

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Mr. Speaker, it gives me great pleasure to stand today to speak to Bill C-64.

A little later in my speech I want to talk about Chuck Cadman, about some of the things he stood for and about some of the things that were important to him, but I first want to talk about an issue in the bill that I find important.

My colleague who just spoke said that it was not really an issue with the bill but I still want to make people aware of it. There is an entire subculture or industry of rebuilding and restoring vehicles such as motorcycles, cars and those kinds of things. My colleague reassured us that they would not be caught in the bill but I am not quite as confident as he is about that.

I want to make people aware of the fact that there needs to be some exception for people who are doing that kind of business. Obviously, we are not talking about people stealing cars off the street in the middle of the night, stuffing them in trucks, taking them to chop-shops and either chopping them down or changing the VINs on them.

It is important for people to understand that an industry has arisen dealing with restoring older vehicles. That industry is not just something that is being done in people's garages any more. It is a multi-million dollar industry. These restored cars are worth anywhere from zero dollars, which is probably the one I have in my shop at home right now, up to \$500,000. I think of some of the late sixties' Corvettes, the Shelby Cobras and those kinds of things that are worth a lot of money. Those cars are getting older and their bodies have been wrecked. People want to restore and rebuild the vehicles. They have the frames and the drive trains. We can actually buy new body parts for many of these vehicles.

I have a concern that those people do not get caught in the legislation. I am not confident that it gives that kind of exception. It talks in the bill about having a lawful excuse. I do not see it in federal legislation. I hope it would be included in provincial legislation when it comes to the licensing of vehicles, which is covered by the provinces.

It is typical of the NDP-Liberal government's legislation. So often it comes forward and it does not seem to work. It restricts regular Canadians and allows the people who it should cover to escape from the law.

*Government Orders*

Chuck Cadman, as we know, was a fairly ordinary guy. He was a veteran MP when I arrived here but he was one of those folks who was going to be himself and was not going to change, and he did that. He stayed true to what he believed. The issues that brought him here were the issues that stayed important to him right to the end of his time here.

Just on a personal level, one of the reasons I got to know Chuck Cadman was because of his music. He was a former musician and played in a lot of different bands over the years. My son was 13 when I was first elected. When we came down here, Chuck was one of the guys who really fascinated him. He had played with the Guess Who and other bands. My son, Andrew was very interested in music. I always thought it was interesting that there were a lot of people around here who had power and prestige but it was actually Chuck Cadman who really appealed to my son and with whom he felt he had some connection.

Chuck was an ordinary guy doing extraordinary things. The things he focused on really were the prime issues, one of which we partially dealt with last week and the other we are dealing with this week, that being street racing and vehicle theft. He dealt with these issues in a very practical and realistic way. It was typical of him that he would not come forward with something that would not be effective, so the bills that he brought forward were effective.

This letter was read into the record a couple of times last week but I want to reinforce it. Someone who was close to Chuck Cadman, a man by the name of Dane Minor, wrote that one of the things that drew Chuck into the political arena in the first place was a visit by a former justice minister to supposedly discuss the Young Offenders Act with Chuck. The man blew into town, spent five minutes getting his picture taken shaking Chuck's hand, and went back to Ottawa saying that meetings with victims showed his government cared about victims and the faults of the Young Offenders Act. Chuck was disgusted. It was incidents like these that led him to become an MP and try to truly change things.

I would suggest that the government, as that justice minister did, has failed to respect Chuck and what it was that he wanted to take place.

I believe that these two bills that we have looked at, Bill C-64 and Bill C-65, are a dishonour to Chuck's memory. They have been watered down and do not cover the issues that he wanted to cover. It is no wonder Canadians get more and more cynical about the government and what it says that it stands for.

• (1105)

Last week we talked about Bill C-65 which addresses street racing. Again, we wanted amendments which held true to Chuck's intentions with the bill. For example, we wanted Chuck's increase in scale of punishment as offences mounted, which was taken out by the government. His bill read:

(a) for a first offence, during a period of not more than three years plus any period to which the offender is sentenced to imprisonment, and not less than one year;

(b) for a second or subsequent offence, if one of the offences is an offence under section 220 or subsection 249(4), for life;

(c) for a second offence, if neither of the offences is an offence under section 220 or subsection 249(4), during a period of not more than five years...and not less than two years;

Those mandatory minimum sentences were important to Chuck.

The fourth part of Chuck's bill read:

(d) for each subsequent offence, if none of the offences is an offence under section 220 or subsection 249(4), during a period of not less than three years plus any period to which the offender is sentenced to imprisonment.

We see some of the same things happening in Bill C-64. It is an act to amend the Criminal Code dealing with vehicle identification numbers and once again we see a watered down version of Chuck Cadman's intent. The Liberals are basically making a mockery once again of what he wanted and what he stood for.

Auto theft is a growing problem in this country, particularly in western Canada. It is a large problem in Regina. I am from a rural area in southwest Saskatchewan so it is not as big a problem there, but it has been a problem for a number of years in Regina. At one point I was talking to a policeman who said that it was really frustrating to deal with the Young Offenders Act because of the way in which it has been set up. They had a young man in custody who was getting out before his 16th birthday. They said that the young man's goal was to steal 250 vehicles before his 16th birthday and because he was getting out a couple of months before his birthday, they actually thought he would probably make that goal. It is good that young people have goals but that probably was not one of the more laudable ones. Auto theft is expensive to Canadians as well. It costs up to \$600 million and at some point we need to deal with it.

Currently, the act of changing, obliterating or altering a vehicle identification number is not a specified criminal act. Section 354 of the Criminal Code treats tampering with a VIN in a context establishing that "in the absence of evidence to the contrary, a tampered VIN is proof of property obtained by crime", but there is no law dealing with the direct prosecution of a person engaged in the physical act of tampering with that VIN tag. This creates a major loophole for organized crime and it needs to be closed. An effective VIN tampering provision would aid significantly in dealing with organized crime and in the prosecution of organized crime rings, but we do not think this bill would do that effectively.

One of the changes that took place in the bill over Chuck's bill concerns section 377(1), which reads:

Every one commits an offence who, wholly or partially, alters, removes or obliterates a vehicle identification number on a motor vehicle without lawful excuse and under circumstances that give rise to a reasonable inference that the person did so to conceal the identity of the motor vehicle.

It is important to note that the last phrase, "under circumstances that give rise to a reasonable inference that the person did so to conceal the identity of the motor vehicle", was added to Chuck's bill and really does water it down. Chuck had put the onus of proof for lawful excuse on the person who is indicted, not on the crown.

*Government Orders*

Once again, we have a bill where the Liberal government had a chance to do the right thing and it has been watered down. It is frustrating. It gives criminals the out they need and it does not give leeway to regular citizens who have legitimate reasons for dealing with VIN numbers. It reminds me of a lot of other legislation we have seen. I think back to the gun registry where a law was made that really has not accomplished what it set out to do. It has left criminals free to operate and has caused nothing but a great deal of expense, time and problems for regular folks.

In conclusion, I would like to read one more statement by Dane Minor in a letter about Chuck. He states:

If the Liberals truly want to honour Chuck Cadman I suggest they pass his laws as written and actually give the police the resources to find out how many previous offences there were. If they don't have the courage to do that, at least have the decency to stop using his name in a self-serving bid to gain political points.

• (1110)

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** Mr. Speaker, I appreciated my colleague's very insightful speech today. It indeed honoured the former member of Parliament, Chuck Cadman.

It is a well known fact that we do not have enough police officers on the front lines in our Canadian cities and across the country. A point was well taken about the fact that it is not the intention of members on this side of the House to penalize youth. Our intention is to guide them and to help. Many police officers have a very expanded role that is not talked about very often. They are the first responders on a crime scene. In other words, they are the first people there.

I remember a young child who was brutalized by a perpetrator a couple of years ago and I talked to the police officer who was on the scene. He found her crying in a garage. The young girl's family told me that it was due to the kindness and gentleness of the police officer that the girl now is well adjusted and getting past this crime.

Could the member please comment on the intent and what we as members on this side of the House want to do in terms of curtailing crime and to help the victims of crime in this instance?

**Mr. David Anderson:** Mr. Speaker, it is clear that we do not have enough police officers in this country. This is a topic that is near and dear to my own heart. I come from a rural area and actually the government has removed a number of single person RCMP detachments from my area.

We have an area along the U.S. border which is about 100 miles long and about 50 miles wide that has absolutely no permanent RCMP presence in it at all. Although it is true there are RCMP members coming in and out from other detachments, we do not have anyone who is stationed there on a permanent basis. That is frustrating.

The only good thing about it is that the people in my area are good citizens. As one of the policemen told me, if people there were not such law-abiding citizens, it would be much more difficult for them to be able to enforce the law in the area.

To respond to the member's comment about policemen being first responders on the scene, in a previous life I was involved with the ambulance service in my area for seven years. I always respected the police officers and their professionalism, especially the RCMP in our

area, and for the ability that they have to deal with those types of emergency situations.

Canadians are getting frustrated with the government. They are getting frustrated with the levels of crime that are taking place. They want to see real changes. They want to see more police officers on the streets who are able to do their job. They want to see sentences that actually mean what they say they mean when they are given out. Canadians are just tired of a government that at every opportunity wimps out on these issues.

The government has done that with both Bills C-64 and C-65. We would like to encourage the government to stand up and have some backbone for a change and do the right thing.

• (1115)

**Mr. Leon Benoit (Vegreville—Wainwright, CPC):** Mr. Speaker, I am delighted to speak to Bill C-64 today. This bill has been touted as being a bill which would enact one of the key issues in Chuck Cadman's private member's bill, but I am disappointed at this weak and unsuccessful attempt. I believe it will do very little to nothing to deal with the problem.

Some amendments must simply be made to this bill, and we will certainly try to make these happen. In the end it will be up to the government and the other parties here in the House to support these changes.

Part of this bill deals with tampering with vehicle identification numbers. It also deals with the whole issue of auto theft which is a huge problem in this country as well as organized crime. Canadians are very much aware that organized crime is a growing problem in Canada. Anything we can do to tone down the success of organized crime is something we should strive to do. This bill unfortunately will do very little to nothing to actually deal with the problem.

The issue of vehicle theft can be demonstrated by a couple of statistics. There is probably over \$600 million in costs associated with vehicle theft in this country right now. That is a lot of money, and every one of us feels it whether we have had our particular vehicle stolen or not. We feel it through our insurance rates. Young people can identify with this. When they buy their first vehicle, their insurance rates are very high. That is a result of the increase in vehicle theft. Over 170,000 vehicles are stolen across this country every year. This is a serious problem.

Mr. Cadman should be given a lot of credit for what he has done with respect to this issue. He also deserves a lot of credit for what he has done with respect to victims' rights, and I will talk about that a bit later.

I want to talk about how vehicle theft has impacted my own family. My wife Linda and I have five children between the ages of 23 and 28. All five of them now live in the Edmonton area. Every one of them has either had their vehicle stolen or had the contents of their vehicle stolen in the few years they have been in Edmonton. This has had an impact on their insurance rates as well as everyone else's insurance rates. It is a serious issue.

*Government Orders*

My oldest daughter had the contents in one of her cars stolen. We all know it is not easy dealing with insurance companies. We never get full value for what has been stolen. We have no hope of really ever getting back any personal items.

I have identical twins who are 26 years old. In one day one of them had the same car stolen twice. It was first stolen from a parking lot in front of his apartment building. Later that afternoon he saw a guy stealing his car the second time. This guy obviously had a serious drug problem. My son hollered at him from his balcony, but the guy went ahead and stole his car.

Over the years all of my children have driven a Toyota Camry. In certain models a thief can get into it with a screwdriver and start it up with the same screwdriver. These models lend themselves to being stolen. It is a popular car and a good car, so it is in high demand when it comes to vehicle theft.

● (1120)

For my son, the second time in one day was almost too much for him. The third time he almost had his car stolen, he hollered that he was coming down to get the guy. The thief did go away, so my son did not actually have it taken that third time, but it was only due to direct intervention by himself.

It is a huge problem. They of course learned after the first time not to leave a fancy stereo in a vehicle because they will lose it and never get anywhere near the value back. They had fancy stereos in their vehicles to begin with. The vehicles themselves were really not worth an awful lot of money but to them they were extremely important. They were students going to university with very little money, struggling to make payments to get through the end of the year, and then they have their cars stolen.

The first time, they had something like 200 CDs in the car, purchased over the years, of their favourite music. Try dealing with the insurance company to get that back. They had to and it was a pain. I do not blame insurance companies. It is a tough thing to deal with. How do they know what CDs they had? They did not have a list made. They remembered their favourites, did the best they could, and they got paid a small percentage of the value of replacing them. To some people that may not sound that important, but it was to them. They felt a deep personal violation.

Next to the home, I think having one's auto broken into is probably the most private and personal space that a lot of people have. Their cars are seen in that way. It is the type of society we are. They certainly felt that personal violation. I would suggest that the law is soft on the people who commit these crimes.

Some of the people who stole vehicles were found. My youngest son has had his car stolen twice in Edmonton. That is not a very good record. My youngest daughter has never had a car stolen, but she has had the contents stolen. So, all five of my children, over a period of the last six years since they have been going to secondary school or starting to work, have had their vehicles or the contents stolen. I doubt that this is an unusual story.

I wonder about the statistics and whether they are complete because in the case of my oldest son, who had it happen twice in one day, he did not report it. After a point, why bother reporting it? Nothing is going to happen. They became wise enough to know not

to leave any contents of value in the vehicle. They probably know they should report it, but what is the point? The police say there is nothing they can really do about it, and there is nothing they can do without the law.

That is why what Mr. Cadman was trying to do here is of such value to society and he should be thanked for that. The government, in offering this recognition of Chuck, should have been more generous. The government should have been generous enough to take the intent and content of his bills and put them into its attempt at duplicating his efforts, but it failed entirely. This legislation, Bill C-64, dishonours the memory of Chuck Cadman and we simply cannot support this bill.

We will attempt to have it amended. This is a very small bill. Just so Canadians know, it is a one page bill. It is a very small piece of legislation, just a few amendments to the Criminal Code. I am going to read one of those amendments the government put in. Proposed section 377.1(1) reads:

Every one commits an offence who, wholly or partially, alters, removes or obliterates a vehicle identification number on a motor vehicle without lawful excuse—

That part is good. Unfortunately, the government went beyond that and said:

—and under circumstances that give rise to a reasonable inference that the person did so to conceal the identity of the motor vehicle.

● (1125)

The government has taken away all the value of the first part of that statement by putting in that vague clause which makes it almost impossible for police officers to get the evidence they need for judges to use in the courts so they can make this stick.

I know that people speaking on this bill will deal with the other sections that simply are inappropriate. It is such a simple bill that I do not know how the government could get it so wrong. We are only talking about a few paragraphs.

I encourage the government to honour the memory of Chuck Cadman, who did so much for victims on issues like this, by amending its bill to truly reflect what Mr. Cadman had in mind and what he put on paper in this regard.

**Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC):** Mr. Speaker, as the member for South Surrey—White Rock—Cloverdale, I am very aware of the issues related to car theft in my community. That was the impetus behind why Mr. Cadman brought forward this initiative so many years ago. My question for my colleague is, in retrospect, why does he think the government has softened this bill so much?

The issue is of great concern to Surrey and the rest of the country. Mr. Cadman was doing excellent work in bringing forward this legislation and had a really good grasp of the issues. Why would the government then water it down in light of the expertise that was previously in the bill?

**Mr. Leon Benoit:** Mr. Speaker, that is a good question. If I were to react off the cuff to this, I would be asking if the government has friends in organized crime who are going to benefit from softening this, but of course I know that is not the case.

*Government Orders*

It is really hard to understand why this has been done. It is a theme that is found in all of the criminal justice legislation that we have seen go through the House. I have been here 12 years and I have seen it in one piece of legislation after another. We hear the Liberals announce that they are going to make a change, get tough on an issue and actually deal with a problem and then we are bitterly disappointed every single time.

If people think I am exaggerating, they should go through all of the criminal justice legislation we have seen in this place in 12 years. They will not find one piece of legislation that actually does what has to be done to deal with the issue. It is a theme.

I am truly at a loss to know why the Liberals just refuse to deal with this in a way that allows our police officers to deal with it. Police officers throw their hands up in hopelessness. They cannot deal with the problem with this kind of legislation. Judges, who tend to be soft on crime anyway, seem to be somehow disconnected from the reality of what goes on in the streets. They cannot deal with it either.

It has to be made much more certain than it is now. This legislation is one more example of what the government has done in how it has weakened it and how it has not respected Mr. Cadman's desires and what he in fact put into his legislation.

I wish I could answer the question. I cannot impugn motives in this place and I honestly do not know the motives. It is very frustrating to me, to my constituents and, I am sure, to the member's constituents.

**Mr. Joe Preston (Elgin—Middlesex—London, CPC):** Mr. Speaker, I thank the member for Vegreville—Wainwright for trying to explain the motives. He said in his debate that he would talk a bit about victims' rights. I am not certain if he was able to get around to that, so I will ask him if there is more he has to say about victims' rights other than those of his five children whose cars seem to keep getting broken into and stolen.

**Mr. Leon Benoit:** Mr. Speaker, when break-ins occur and their personal property has been stolen, it is seen by my children as something that is very serious. Certainly victims' rights go well beyond that. The problem in this country is that when it comes to balancing the rights of the criminal with the rights of the victim, for years now this government has chosen to always put more emphasis on protecting the rights of criminals.

I am not one who thinks that criminals should not have certain rights or that their rights should not be protected, but I am one who believes that victims' rights absolutely should be protected and that victims' rights have not been protected in law for some time.

It is a matter of getting the balance. It is nowhere near a balance now. All the focus has been on protecting the rights of criminals and the accused. If I were to be extremely cynical and partisan, I would say that the government is out to get the criminal vote now that it has allowed criminals to vote. I know that is probably going overboard, although with the frustration I feel sometimes, I am not so sure. I do not know, but I do know that the government has not come anywhere near finding that balance. A Conservative government under our leader will do that.

It is interesting that only now have the members across the floor decided to take part in this debate. I do not know where they have been if they are serious about honouring the memory of Chuck Cadman.

• (1130)

**The Deputy Speaker:** Is the House ready for the question?

**Some hon. members:** Agreed.

**The Deputy Speaker:** The question is on the motion. Is it pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Deputy Speaker:** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Deputy Speaker:** All those opposed to the motion will please say nay.

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the yeas have it.

Call in the members.

*And the bells having rung:*

**The Deputy Speaker:** The hon. parliamentary secretary has asked that the vote be deferred until the end of government orders today.

\* \* \*

[*Translation*]

**CRIMINAL CODE**

**Hon. Belinda Stronach (for the Minister of Canadian Heritage)** moved that Bill S-37, An Act to amend the Criminal Code and Cultural Property Export and Import Act, be now read the second time and referred to a committee.

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, it gives me great pleasure to rise today to debate Bill S-37.

[*English*]

This bill has direct consequences for Canada's position in the world community. In the wake of damage and destruction of important cultural heritage during the tragic years of World War II, the nations of the world took action.

They were determined to establish a mechanism to condemn such destruction. They were eager to work together to try to ensure that such destruction would never be repeated. Above all, they recognized that the damage to the heritage of one nation impoverishes the heritage of all nations.

*Government Orders*

Nations recognized that if the world's cultural heritage were to be preserved and passed on to future generations, it would require a multilateral effort. It would require cooperation. It would require a sense of collective responsibility.

Bill S-37 is based on these very principles. UNESCO was the forum where nations took action in 1954. They came together at The Hague and adopted the convention for the protection of cultural property in the event of armed conflict. It is often simply referred to as the Hague convention.

The basic principles of the convention echo what were, even then, widely accepted rules of engagement in war. Those very same principles and rules are also reflected in the 1949 Geneva convention and its protocols, which are perhaps more familiar to all of us.

They include rules that prohibit the intentional targeting of cultural sites by military forces, rules that prohibit the use of cultural sites in a way that would make them a military target, and rules prohibiting reprisals against cultural sites.

These are not just empty words. Only recently, the international criminal tribunal for the former Yugoslavia convicted former military personnel for their attack on the historic city of Dubrovnik in 1991. They were convicted of war crimes for the intentional targeting of an important cultural site.

Canada, along with many of our allies, including the United States and the United Kingdom, chose not to join the Hague convention during the difficult years of the cold war, but with the end of the cold war in the 1990s, we began to rethink our position on the convention. I am happy to say that we became a state party to the Hague convention in 1999.

The House will recall that this was a time when Canada expressed its commitment to human security issues and the promotion of the rule of law on a number of fronts internationally. We championed the international treaty on landmines. We were a leader in the effort to establish the International Criminal Court. We joined the Hague convention in 1999 as part of that same commitment to human security and the rule of law.

We understand as a nation that cultural heritage speaks to the soul and the identity of a people. We understand that the protection of cultural heritage contributes directly to the long term well-being of a community and to the well-being of a nation.

We understand that cultural heritage can build understanding and that the intentional destruction of heritage can fuel ethnic conflict and political instability.

When we joined the Hague convention in 1999, Canada also reaffirmed its longstanding commitment to international cooperation to protect cultural heritage.

Canada has a long record of participation and leadership in that field. We are a state party to the 1972 world heritage convention and we have chaired the world heritage committee. We are a state party to the 1970 UNESCO convention on illicit trafficking in cultural property. We currently chair UNESCO's intergovernmental committee on return and restitution of cultural property.

Canada's cultural community has a wealth of expertise that is continually sought by other nations to help them build the capacity to protect their heritage. In other words, Canada is recognized for its commitment to the protection of heritage and to the need for collaboration between states in that important task. Bill S-37 provides a further illustration of Canada's commitment.

There are two protocols to the Hague convention. The first protocol, adopted in 1954, establishes obligations, among other things, to return cultural property that has been taken illegally from an occupied territory.

• (1135)

The second protocol, adopted by UNESCO in 1999, expands on many of the concepts of the convention and the first protocol. One of the most important aspects of the second protocol is the range of obligation it creates for states to prosecute those who commit certain acts against cultural heritage during armed conflict. This is what I mean when I talk about the mutual responsibility of states to protect heritage.

These aspects of the Hague protocol speak directly to that responsibility. It means that if a country is occupied and someone illegally exports cultural material, the country can look to others for help in getting the material back. It means that a state commits to pursuing those found to be in its territory who have damaged, destroyed or looted cultural property during conflicts in other countries. It means that cultural heritage is important to us all and that we have a collective responsibility to help each other protect it.

Canada joined the Hague convention in 1999. Since then the government has been hard at work to determine exactly what would be required in Canadian law in order for us to join the convention's two protocols.

It is very important to point out that even though we have not yet joined the protocols, the legal concepts on which they are based are already enshrined in Canadian law. In order to implement our obligations under the protocols, we already have in place almost everything that is required. This should come as no surprise.

The Crimes Against Humanity and War Crimes Act establishes the authority in Canadian law to prosecute war crimes. That includes acts against culture property that are prohibited under the protocols to the Geneva convention and similar acts prohibited under the Hague convention. Further, the National Defence Act has already established obligations for conduct of our armed forces that mirror obligations on the military under the Hague convention and its protocols.

Clearly Canada has already taken the step of demonstrating through legislation our commitment in this area. We have stepped up to the plate. We have demonstrated we are willing to acknowledge our responsibilities as a member of the world community, not just by words but through action.

Through Bill S-37 we once again have the opportunity to take action and we have the opportunity to take the steps necessary to allow Canada to join the protocols.

*Government Orders*

Why us? I have already spoken about our commitment to the international cooperation for the protection of the world's heritage, but I also want to talk about Canada and Canadians.

Canada is a unique experiment in multiculturalism. Our society is the most multicultural in the world. Canadians can trace their roots to virtually every corner of the globe. We do not expect anyone to forsake his or her cultural roots in order to be a Canadian. In fact, it is just the opposite. We celebrate our diversity. Many Canadians arrived here from countries that are mired in conflict. Others suffered the distress and heartbreak of seeing their country of birth or the country of birth of their ancestors torn by conflict.

By demonstrating our commitment as a nation to protect the world's heritage, especially in times of armed conflict, we send Canadians a message. We are saying to them that we value them, that we value their heritage and that we are committed to doing what we can to protect it.

What other message would joining the protocol send? It would send the message that Canada is committed to the protection of cultural diversity throughout the world; that Canada is committed to acting multilaterally, through multilateral institutions like UNESCO and multilateral agreements like the Hague convention and its protocols; that Canada is committed to promoting respect for the rule of law internationally; that Canada and Canadians are accountable for our actions.

Why now? The second protocol to the Hague convention came into force only in March 2004. As potentially the first G-8 country to join the second protocol, we are in a position to demonstrate leadership in our commitment to the international cooperation for the protection of heritage.

With the passage of the Crimes Against Humanity and War Crimes Act, we have already overcome almost all of the legislative hurdles to joining the protocols.

• (1140)

Unfortunately, recent conflicts in Afghanistan and Iraq have shown us only too well the risks faced by cultural heritage during armed conflict. It has shown us the need for all nations to rededicate themselves to instruments such as the Hague protocols.

Why this bill? As I have already said, almost everything Canada needs to implement our obligations under the protocols is already in place, but there are some gaps. While they may be few in number, they are not insignificant. We need to address those gaps and we need to make sure that we can fulfill the treaty obligations we would have under the protocols.

That is what Bill S-37 does. It amends the Criminal Code. It will allow us to prosecute Canadians who commit acts such as theft, arson and vandalism against significant cultural property abroad. Such acts are specifically prohibited under the second protocol and states who join that protocol must be able to prosecute those who commit them.

Bill S-37 also amends the Cultural Property Export and Import Act. It will allow us to prosecute Canadians who illegally export cultural property. Right now we can do it only if they import to Canada. It will allow us to prosecute those who illegally export

cultural property from an occupied territory that is party to the second protocol. Again, such exports are prohibited under both protocols and the second protocol requires states to prosecute those who commit such acts.

It will strengthen Canada's role in returning cultural property that has been illegally exported from an occupied territory. It will also acknowledge that when Canada is asked to accept cultural property for safe keeping by another country that is in conflict, we have an obligation to return it at the end of that conflict.

These are significant steps. They speak to the heart of what it means for countries to work together to protect heritage in conflict and to help each other recover from the effects of conflict.

I urge members to support Bill S-37. It will clear the path for Canada to join the Hague protocols. It will affirm Canada's protection of the world's heritage. It will signal to the world that we will not be a haven for those who commit acts against heritage during conflict. It will demonstrate Canada's leadership in promoting the rule of law internationally. It will tell Canadians and the world that when any nation's heritage is attacked, we must all defend it.

• (1145)

**Mrs. Betty Hinton (Kamloops—Thompson—Cariboo, CPC):** Mr. Speaker, this is an important piece of legislation that updates a convention that is 60 years old.

Following World War II when theft of invaluable artifacts was committed on a global scale, most of the world decided it should never happen again.

The 1954 convention for the protection of cultural property in the event of armed conflict was a direct result of what the world witnessed during World War II. Great treasures were stolen from occupied countries in Europe, not just from museums and churches, but also from individuals. Some of those treasures remain hidden from the world today in private collections. The Hague convention, as it came to be known, sought to outlaw thefts of this nature as well as vandalism or deliberate destruction of cultural property.

It was only six years ago that Canada became a party to the Hague convention, and that is shameful. Canada should have been a party to the Hague convention back in 1954. Successive Liberal governments have dodged it for reasons known only to the Liberals.

If we read the Hague convention definition of cultural property, we will learn a little more about events that were not reported during World War II. The authors of the convention define cultural property as "movable or immovable property of great importance to the cultural heritage of every people, such as monuments or architecture, art or history, whether religious or secular". It applies to museums, libraries, manuscripts, archeological sites, scientific archives, collections and so forth.



*Government Orders*

They wrote the Hague convention and agreed to it because they were eye witnesses during World War II. They saw the walls of museums and galleries where some of the world's greatest art once hung. They saw statues that had been deliberately pulverized as opposed to being the collateral damage of war. They knew that freight trains loaded with important and invaluable manuscripts, paintings, archives and architectural marvels moved out of occupied countries into other countries.

Some but not all of those treasures have been returned to the original rightful owners. The Hague convention did not force the repatriation of any of those treasures, but it sought to outlaw any such atrocities in the future.

According to the United Nations Educational, Scientific and Cultural Organization, the Hague convention has had to be applied in more recent times. It was applied during the 1967 Middle East conflict and again in Bosnia and Herzegovina, Cambodia, Croatia and Iraq.

This legislation will ban Canadians from illegally exporting cultural property from an occupied territory and provides a mechanism for the restitution of such property. Both the Criminal Code and the Cultural Property Export and Import Act will be amended to allow for the prosecution of Canadians who commit related offences outside Canada.

I want to pause here to make a reassurance. I hope our men and women in the armed forces will not see this as a reflection on them individually or collectively. Somebody not paying attention might think that amending the Criminal Code to prohibit offences such as theft and arson against cultural property protected during times of conflict is a reflection on our military. It is most certainly and definitely not a reflection on those brave men and women.

Instead, it is a tragic recognition of reality that there are people who would steal or vandalize priceless objects in times of conflict. The legislation could, however, impact on the practices of Canada's armed forces. This is one area of grave concern to us on this side of the House.

The government has not specified how our armed forces will have to change their practices. We do not want to see a situation develop where any member of our armed forces is liable for prosecution because of some unavoidable act during a time of conflict.

For example, what would happen if a soldier was called on to advance on an enemy who was holed up in a fortified and ancient place of worship? It seems to me that it is incumbent upon the government and the House to make it absolutely clear to our people in the forces that if they are called upon to do their duty, they will not be held liable for their actions if there is unavoidable collateral damage to the sorts of objects we are discussing here today.

● (1150)

We cannot have our military commanders or personnel second-guessing or hesitating to take action for fear of being held criminally responsible following an action. The Hague convention states clearly that it will protect cultural heritage during armed conflict, take preventative measures for this protection during both peace time and war and set up a system to identify important buildings and

monuments. It also requires the creation of special units within the armed forces to be responsible for the protection of cultural heritage.

Again, this is worrisome. We must recognize in this new war of terror, the terrorists will have no qualms about occupying any building and using it for their terrorist purposes. Does anyone really believe that they will avoid buildings that have been deemed culturally important to society in any nation? The fact is they would probably seek out such buildings in the hopes that those we assign to fight terrorism might hesitate to do their duty.

It seems to me that the legislation has to give our military people some reassurance that their hands will not be tied when we ask them to do their duty. It is legislation worthy of our support, but there are a few too many questions left unanswered and most of those questions would undoubtedly come from the brave men and women in Canada's armed forces. It is my hope that the government will answer those questions before the legislation becomes the law of the land.

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, could the member elaborate more on the one concern she raised on the effect on Canada's military? Canada's military already is doing everything it can to implement these protocols. This responsibility is covered under the Geneva Protocol No. 1 in the convention of 1949. Therefore, our military already takes the steps. It consults with local governments to find the heritage sites. In its operations it ensures that it does not damage those heritage sites or put military installations co-located with heritage sites during conflicts so they could become a target.

Could the member expand on her concern of any impact that might have on our military?

**Mrs. Betty Hinton:** Mr. Speaker, I tried to be very specific in my comments and make it clear. First, I recognize, without hesitation, that members of our military would never do anything deliberate to damage anyone else's cultural property, their artifacts, et cetera. I want to make certain that the legislation recognizes that as well.

My concern, as I outlined in my speech, is that I want to have assurances in the legislation that the hands of our military personnel will not be tied in these situations, so they will not hesitate to do their duty to protect people and livelihoods in another country because of fear that there may be reprisals down the road if there is collateral damage done to a particular institution, a church or museum, or whatever the case may be.

I believe all Canadians learned dramatic lessons from World War II. We watched the confiscation of irreplaceable objects. We watched the literal destruction, for no purpose whatsoever, of pieces of history, of religious culture which were completely irreplaceable. I want to be certain that the legislation does all that it is intended to do. I want to make certain that those cultural pieces of importance to the country where the conflict is taking place are preserved. I also want to make certain that we do not have a situation that could cost lives, where we have military personnel hesitating to take the action out of fear of reprisals or being charged back in Canada for having destroyed something inadvertently, what I refer to as collateral damage.

*Government Orders*

I think everyone in the House has great respect for our military and also wishes we lived in a world where there was no conflict. The reality is we do live in a world where there is conflict and Canada plays a vital and important role. We have a long history of being there for other people.

As the shadow minister for veterans affairs for the Conservative Party, I am probably in touch with veterans on more occasions than anyone else may have the opportunity to be in the House. I hear their concerns. When I talk about veterans, I am not just talking about our former veterans from World War II and from Korea. I am also talking about modern day veterans who are now finding themselves in situations in other countries where they are trying to protect lives, protect culture, et cetera. I want those people going into those situations with clear minds. I do not want them to hesitate about doing their duties out of fear of reprisals.

Therefore, I ask the House and all members in it to make it clear and certain that if there is collateral damage, there will be no prosecution to our own people, that we understand that in times of conflict and war there will be terrorist groups and organizations that will target exactly the kind of things we are trying to protect. I do not want our people or any other people to hesitate to go in and eliminate these terrorist groups because of fear of reprisals down the road.

• (1155)

**Hon. Larry Bagnell:** Mr. Speaker, when the Hague convention and protocol started to come in early in the cold war, earlier Liberal governments had some concerns about those countries that could use cultural sites inappropriately to avoid detection and prevent us and other countries from the free world going into them, so they did not sign immediately.

Why has the member criticized previous Conservative governments for not signing the Hague protocols?

**Mrs. Betty Hinton:** Mr. Speaker, I was not specifically criticizing a Conservative government. I am sure the member across the way can count as well as I can and can go back until the time of 1954 when the Hague convention was signed. I am sure he can recite as well as me, how many of those governments were Conservative governments and how many were Liberal governments.

If we are going to get into finger pointing, the member might want to be very careful. When he points one finger at me, three fingers point back at him. It has been a Liberal government that has failed miserably to get us involved. To get involved only six years ago is absolutely shameful. It tells me very clearly that we did not have our priorities straight as a country.

I tried very hard not to be too partisan in my speech, but it is hard not to criticize legislation without mentioning some flaws that have occurred under a government. I was very careful not to do too much damage in terms of partisan use of my wording. I would like to ensure that the member, and all members, are on side. It took us until six years ago to get the picture. We have it now.

As we are going to progress through this legislation, I am asking that we get it right. I ask that we not only protect artifacts, museums, churches, pieces of important significant information for countries or part of what is their heritage. I also ask that we protect our Canadian soldiers, men and women, our Canadian naval people, all our

military, from frivolous lawsuits. I want to ensure that when our people go to protect another country's people, or to offer freedom as we have done so many times worldwide, that they do it with an open mind and a clear conscience and that they do not have to worry about coming back to their own country and facing charges. Make certain it is done right and the government will have my support.

• (1200)

[*Translation*]

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Mr. Speaker, it gives me great pleasure to rise today to speak on Bill S-37, to amend the Criminal Code and the Cultural Property Export and Import Act.

Obviously, it was high time we took steps to amend Canadian legislation so that the protocols that have been signed—including two protocols to the UNESCO Convention for the Protection of Cultural Property in the Event of Armed Conflict—can be put into force in Canada. It goes with saying that since ancient times, but particularly after the second world war, conflicts have led to even greater destruction. Whether due to bombings or wilful acts, this has resulted in wide-scale destruction of cultural property, including archeological sites, historical monuments and churches. So we needed to ensure we have the means to protect our architectural and cultural heritage.

Naturally, the two protocols I mentioned, from 1954 and 1999, needed to be signed. However, we can say today that Canada unfortunately took its time in ratifying these protocols. While the first protocol on cultural property was signed in 1954, it was not until 1998 that Canada acceded to this protocol. Worse still, Canada took its time not only before acceding to this protocol, but before putting it into effect and before amending Canadian legislation, including the Criminal Code.

After Canada acceded to the protocol to the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict, it took seven years before the government acted and amended its legislation. We can most certainly say today that we are proud to see that the government is taking some action and amending the Criminal Code. However, we on this side of the House would have preferred to see the government act faster and take a more preventive and concrete approach.

In fact, the situation is somewhat similar to that for the Kyoto protocol or any other international protocol. It is not simply a matter of signing a convention or a protocol, whether it be the United Nations Framework Convention on Climate Change or the Kyoto protocol. Measures have to be taken inside our borders. Our laws must be amended to ensure that Canada's international commitments, notably to the protection of cultural property, can be reflected in those laws. That is the goal of Bill S-37 which we are studying today.

These two protocols have a number of purposes. Most notably, they are designed to provide attorneys general with the means to pursue individuals charged with theft of cultural property. They also offer mechanisms for the restitution of cultural property that has been illegally exported.

*Government Orders*

Through these two protocols, particularly that of 1954, the government has indicated its intention to bring about improved protection. What does the first protocol do? First of all, it specifically identifies cultural property. Second, it prohibits the export of cultural property from the territory. Third, it requires that such property be returned to the territory of the state from which it was exported. These are the three objectives of the first 1954 protocol to the UNESCO convention.

To date, 114 states have ratified the protocol and are parties to the convention, and 88 states have implemented it. Of course, one may very well have signed the UNESCO convention, but that does not mean that all states are automatically members and have signed the protocol.

• (1205)

Clearly, Canada ought to take steps to sign this protocol as quickly as possible. As I said earlier, we would have preferred that it do so more quickly and table implementing legislation. Nonetheless, we support the principle of Bill S-38.

The second protocol, of 1999, is designed to take measures to ensure the implementation and proper management of the international commitments made by the parties to protect cultural property. To that end, the first objective is to set up an intergovernmental committee for the protection of cultural property in the event of conflict. The second is to create a fund to assist the states party in implementing the protocol. A final objective is to introduce a stronger system for the protection of cultural property.

This 1999 protocol came into force in March 2004. Over 20 countries ratified it at that time. This second protocol is the subject of the implementing bill that is before the Commons today.

It is important to remember that this bill is designed to amend not only a number of statutes, but above all the Criminal Code, so as to give more powers to the attorney General. He will then have every means at his disposal to launch legal proceedings. It was important to do this, because to date this has not been permitted by law.

The bill is also intended to amend the Cultural Property Export and Import Act. In section 4 of this act, a part is added entitled the "Convention for the Protection of Cultural Property in the Event of Armed Conflict and its Protocols". It clearly states that it is prohibited to export or remove cultural property from an occupied territory of a state party to the second protocol. The convention also describes the mechanisms for recovering and returning the property in question.

The bill provides mechanisms under both this act and the Criminal Code for the Attorney General to intervene and institute actions. The protocols also provide that a state party, which has ratified and adhered to the protocols, must make a certain number of commitments which shall govern its actions in the event of a conflict, or also when there is no conflict, in order to preserve cultural property.

In peacetime therefore, the parties agree to safeguard cultural property located on their territory by making inventories, planning emergency measures in the event of fires or collapsed buildings, preparing to remove cultural property or adequately protect it, and

designating authorities responsible for the preservation of this property.

In times of war, the states party must protect cultural property located in occupied territory and, in particular and so far as possible, take the necessary actions to preserve it.

The Canadian armed forces are regularly called upon, we must remember, to carry out operations in regions subject to pillaging and the destruction of cultural property. Their duties require that strong measures should be taken to sensitize deployed CF members to this convention.

What we have here is nothing more or less than a bill to amend our legislation and ensure that Canada keeps the commitments it has made on the international scene under the UNESCO convention and the two protocols that it has signed, one in 1954 and the other in 1999.

• (1210)

As indicated, I would conclude by saying that we fully support this bill in principle.

However, we must speak out about the fact that we would have liked Canada to act more quickly to respect these two protocols. We also would have liked the government to take the necessary steps to implement this protocol so that we could rest assured not only that Canada would keep its international commitments but also that heritage and archeological sites and cultural property will be protected in times of peace as in times of war.

[*English*]

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, I would like to thank the member for his excellent speech which was very comprehensive and covered the topic. I certainly appreciate his support and I am sure all Canadians do, as well as all parties.

I want to make two comments. The one concern that was raised in the debate was whether our soldiers might be charged for collateral incidental damage. Basically, the rules of engagement as they are written explain that those things that are done not intentionally and by accident are not covered. Therefore, there would not be a problem there.

The member who just spoke referred to the timing of this legislation. Normally when Canada signs protocols we try to get all the legislation in place first just in case we were to sign a protocol and something were to happen that the legislation could not pass, then we would be in contravention because we could not implement something we had signed.

However, I want to commit to the member that as soon as we can get this legislation through, we will be signing the protocols and implementing them as quickly as possible. I know he would appreciate that.

*Government Orders*

[*Translation*]

**Mr. Bernard Bigras:** Mr. Speaker, I am pleased to hear that announcement by the parliamentary secretary today. We would, however, have liked to see the bill before us implemented more promptly. It is not merely a matter of signing international conventions or protocols and then complying with them. There are numerous international protocols on which Canada does not respect its commitments. In fact, the principles they contain are very often not respected.

This is the case with the Convention on the Rights of the Child, including the sections on child abduction. International protocols are signed yet very often the principles subscribed to internationally are not reflected in Canadian legislation. This is the case for the Kyoto protocol. How can we accept Canada's making international commitments and then not ensuring that its legislation clearly expresses its desire to achieve the greenhouse gas reduction objectives?

It is my hope today, therefore, that we will not just talk the talk but also walk the walk, not only by being a signatory to this type of protocol, this UNESCO convention, but also by enacting legislation. We must also be in a position to apply that legislation. In fact, in the eight years I have sat in the House, many a law has been passed. The Government of Canada enacts legislation, like the endangered species legislation, one glaring example, and then we do not have the means to apply it.

We must therefore provide support abroad, and at home as well, in order to ensure that these laws we pass, and these amendments we are proposing today relating to both the Criminal Code and the Cultural Property Export and Import Act, can be clearly reflected in concrete action.

• (1215)

**Mr. Raynald Blais (Gaspésie—Îles-de-la-Madeleine, BQ):** Mr. Speaker, I did not intend to speak, but the hon. member for Rosemont—La Petite-Patrie was so inspiring that I want to raise two or three important points.

I feel like I am learning more about how the sovereign country of Quebec should behave in the future, especially when it comes to the protection of cultural property and international commitments. We should use today's debate to determine the responsibility of the country that Quebec will become in the coming years.

The other point involves the example of how the Government of Canada is currently shirking its responsibilities toward heritage lighthouses. I had the opportunity to speak on this matter.

The hon. member for Rosemont—La Petite-Patrie did indeed bring up the example of the Kyoto protocol, which we signed. However, it is one thing to talk about it and another to take action. We went through the process of writing up and signing a plan and formally promising action, but there seems to something missing in the application of said protocol.

As far as the heritage lighthouses are concerned, it is all well and good to say that cultural property must be protected, but, unfortunately, what we are seeing is quite the opposite. These cultural properties, these heritage lighthouses, have been so neglected that now we have to spend tens of millions of dollars

simply to restore them. Then we could enjoy a cultural heritage property and present it as another tourist attraction, namely in my region.

I simply want to say to the House, to the hon. members who are currently listening and to those watching us on television that the speech by the hon. member for Rosemont—La Petite-Patrie was inspiring in many ways. His contribution today is a valuable one and allows us to look at the discussions we have here in a different way.

**Mr. Bernard Bigras:** Mr. Speaker, this is indeed a concrete example of the federal government's lax attitude as far as recognition of historical and sometimes architectural heritage is concerned.

I will give an example in addition to the one my colleague has given: the churches of Quebec. There are many of these still awaiting historical and architectural recognition, which is long in coming from the Department of Canadian Heritage. What would recognition of our churches mean? It would open the door to additional funding.

The same goes for heritage. UNESCO has designated a Ramsar site in the riding of my colleague from Trois-Rivières: Lake Saint-Pierre. Yet any concrete steps to decontaminate the lake of the thousands of artillery shells in it have been refused.

On the one hand, we have a problem of historical, cultural and architectural recognition, and on the other a problem of funding when designations are made. What is needed is to ensure that Canada meets its international commitments. When cultural or architectural heritage is recognized, concrete measures must be taken to ensure its preservation, whether it be within our borders or elsewhere.

We are in favour of Bill S-37 in principle, although we want to see it have concrete reflection in Canada when implemented.

• (1220)

[*English*]

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, this is a very interesting debate. I thought the member's speech was brilliant; however, I disagree with two of his interventions. First, he said that we have to implement things domestically, that we go ahead doing these things in foreign countries and do not even do it domestically.

One could make that argument perhaps in other bills, which I will address in a minute, but we certainly cannot do it in this bill. The purpose of the amendment is to extend something we are already doing in Canada, and doing very well, in the Criminal Code. We are just extending that, so that it can be done internationally. It is already in place and taken care of in Canada. We are extending this, so that it applies to these crimes when Canadians do them in other nations.

*Government Orders*

In relation to the investment in cultural heritage, I have to disagree with that too. Perhaps it is just the different areas, but one of the biggest investors in cultural heritage in my riding, which I talked about in the passport debate last night, is tourism and Parks Canada. We have magnificent restorations of heritage buildings in Yukon.

In relation to the comment on the implementation of the Kyoto protocol, if I commit to do something by the end of this year and someone stands tomorrow and says I have not done it, that is not really fair. We have all sorts of programs supporting biodiesel, cellulose ethanol, grain ethanol, solar, wind, photovoltaic, landfill gas and all sorts of plans. We have an auto plan that we are implementing related to Kyoto. So, just watch us as we add more programs to that implementation.

[*Translation*]

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Mr. Speaker, my reply will be relatively brief, since my time is nearly up.

I must tell the hon. member that it is all very fine to say there are tons of programs and plans. The reality is that greenhouse gas emissions have increased by 20%. The only thing that is important is to ensure that our international commitments are respected along with our domestic commitments. It is all very fine to have plans and programs, but results are what counts. As far as application of the Kyoto protocol is concerned, we would have to say that the federal government gets an F.

[*English*]

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Mr. Speaker, I am pleased to rise on behalf of the NDP to speak to Bill S-37. I want to talk about a couple of elements in the bill and I turn specifically to the summary which states:

This enactment amends the Criminal Code to prohibit certain offences, including theft, robbery, mischief and arson against cultural property protected under the 1954 Convention for the Protection of Cultural Property in the Event of Armed Conflict. Those amendments allow for the prosecution of such offences when committed outside Canada by Canadians.

It goes on to state:

—prohibit Canadians from illegally exporting or otherwise removing protected cultural property from an occupied territory. Those amendments allow for the prosecution of such offences when committed outside Canada by Canadians and provide for a mechanism for the restitution of cultural property.

The last sentence is the important point that I really want to get to. It is important for us to specifically consider what we are talking about in terms of the definition of cultural property. The schedule attached to the bill deals with the definition of cultural property. It states:

For the purposes of the present Convention, the term “cultural property” shall cover, irrespective of origin or ownership:

(a) movable or immovable property of great importance to the cultural heritage of every people, such as monuments of architecture, art or history—

This is an important piece of information because we often do not understand the breadth and depth and range of cultural property.

I turned to the ICRC website when I was preparing to speak to the bill in the House in order to get some kind of historical context. The ICRC indicated how important cultural history is to people, and it went through the historical context. This website goes back to the very early times of humankind with its early cave paintings and

pottery, all of the cultural artifacts that have been with us since the very beginning of time.

The website mentioned the fact that it is hardly surprising that conflict leads to the destruction of monuments and places of worship, works of art and so on, that are precious to the human spirit. Some destruction is accidental but some is quite deliberate. Some has been predicated on undermining the underpinnings of an entire people in order to demoralize them. We have had a long history of that with numerous armed conflicts.

We also have that right here in Canada with our first nations communities. Although this piece of legislation specifically deals with Canadians externally, it is important to note that first nations communities in Canada continue to struggle to have repatriation of their artifacts from abroad. One could argue that many first nations were under some sort of pressure or armed conflict at the time their artifacts were taken.

When we talk about the protection of property transcending cultural, national or religious divides, I go back to the ICRC website where it states:

As far as principles are concerned, cultural property is to be respected and protected in its own right, as part of humanity’s common heritage and irrespective of the cultural tradition to which it belongs. The protection of such property therefore transcends cultural, national or religious divides.

This is found in the preamble from the 1954 convention. It continues:

The High Contracting Parties [...] convinced that damage to cultural property belonging to any people whatsoever means damage to the cultural heritage of all mankind, since each people makes its contribution to the culture of the world—

Two questions remain: Does the protection of cultural property fall under the heading of international humanitarian law? Should the International Red Cross and Red Crescent Movement concern itself with the matter?

Its response to that question was:

Let us start with the first question: Does the protection of cultural property fall under the heading of international humanitarian law? Of this there can be no doubt. The destruction of cultural property is not aimed just at the object in question. When a cultural object is destroyed, it is always people who are the real target. The object itself does not provoke hostility.

Conversely, by protecting cultural property, one is attempting to protect not only monuments and objects but also a people’s memory, its collective consciousness and its identity, and indeed the memory, consciousness and identity of all the individuals who make up that people. Ultimately we do not exist outside of our families and the social framework to which we belong.

● (1225)

The reason I raise that particular issue is that in Canada the first nations, the first people in Canada, have been subjected to cultural appropriation that has in effect been an effort to destroy their culture, their heritage, their social framework and their history. When we are looking at sanctions for Canadians who go abroad and bring back cultural artifacts from places of conflict, it would behoove us to also consider the impact on the first nations people here in Canada.

The Assembly of First Nations in July 1999 actually passed a motion asking for repatriation of first nations cultural property. I will not read the preamble, but the motion states in part:

THEREFORE BE IT RESOLVED THAT The Assembly Of First Nations Re-Affirm The Importance Of Cultural Properties To First Nation Cultures;

And BE IT FURTHER RESOLVED THAT The Assembly Of First Nations Approve The Efforts To Locate Items Of Cultural, Spiritual And Historical Value That Have Been Removed From The First Nations;

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And BE IT FINALLY RESOLVED THAT The Chiefs-In-Assembly Hereby Endorse And Support The Efforts Of First Nations In The Repatriation Of Cultural Properties Currently Held In Foreign And Domestic Institutions.

My colleague from the Bloc talked about the importance of domestic policy when we are looking at repatriation of artifacts or when we are looking at protecting our own artifacts in Canada. This is a very good example of why it is absolutely critical that we look at it in a domestic context as well as in the foreign context.

In my riding of Nanaimo—Cowichan we have a number of very proud first nations people. I want to speak specifically about the Cowichan people and the Hul'qumi'num treaty group which consists of a number of first nations including Chemainus, Cowichan, Halalt, Lake Cowichan, Lyackson and Penelakut. These first nations people have peopled the area for thousands and thousands of years. The six chiefs have agreed to a case study that looks at the kinds of cultural artifacts and cultural issues around repatriation. They are going to be exploring customary laws, traditions and rules about sacred and historically significant places, artifacts and human remains. In addition, they will be contributing to broader project objectives which are specifically designed to help Hul'qumi'num treaty group in better understanding and protecting their heritage sites and objects for future generations.

The Cowichan people have been involved with some of the people from Washington State in attempting to repatriate artifacts that are held in museums throughout the world. Currently the repatriation office of the National Museum of Natural History is looking at detailed reports in response to travel repatriation requests that summarize all the available information in its collections.

I have to wonder why it is that we continue to ask first nations communities to continue to struggle to repatriate their artifacts. Part of the challenge is that some of the museums have said to the first nations communities that they cannot give them their artifacts back unless they stick them in a museum. These are historical sacred objects that are critical to the ceremonial life of the community. It should be up to the community to determine whether or not those artifacts should be stuck in museums or whether they should become part of the ceremonial and sacred life within a community.

Potlatches are a good example. Way back people took artifacts that were used in potlatches. They were part of the ceremonial and spiritual life and they were taken out of Canada. They reside in museums throughout the world. Now when first nations communities ask for them back so that they can use them in their potlatch ceremonies, they are told they cannot have them back if they are actually going to use the artifacts. Surely it should be within the first nations people's right to determine how they are used.

• (1230)

When we are talking about repatriation, I would urge members to consider repatriation in the Canadian context as well.

I will close on that note. I encourage members in further discussions to consider the fact that our first nations people deserve a voice at the table when we are talking about repatriation of articles. We should not only be looking at the foreign issues.

[*Translation*]

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Speaker, I would like to ask a question of the NDP member who just spoke.

As the hon. member for Rosemont—La Petite-Patrie said, we support this bill on the protection of cultural property in the event of armed conflict. It states that it is prohibited to export or remove cultural property from occupied territory. So we support this bill. However, like the hon. member for Rosemont—La Petite-Patrie, I am a bit concerned about the fact that the government does not always respect its international agreements. Think of the Kyoto protocol or the child protection question, as he said.

I am also concerned about something else, namely our own cultural property and heritage assets. In Quebec we could mention our churches and various culturally significant buildings that are often threatened with demolition. The government does not provide any assistance to ensure they continue to exist.

There are two parts to my question. First, is the NDP member concerned about the issue of respecting international conventions? Second, does she think that we should also make a sustained effort to preserve cultural property and heritage assets in our own provinces, where we ourselves live?

• (1235)

[*English*]

**Ms. Jean Crowder:** Mr. Speaker, we are in complete agreement with the Bloc in that the Liberal government continues to ignore conventions to which it signed on.

I only have to look at the convention for the elimination of discrimination against women, more commonly referred to as CEDAW. We have been cited on a number of different fronts for not living up to our agreement on that particular convention. There are other conventions as well where we have been cited as being in violation.

In fact, article 12 of the United Nations draft declaration on the rights of indigenous peoples is one where we have not moved far enough. There is a preamble on the first nations cultural heritage website in Canada which states:

Indigenous peoples have the right to practice and revitalize their cultural traditions and customs. This includes the right to maintain, protect and develop the past, present and future manifestations of their cultures, such as archeological and historical sites, artifacts, designs, ceremonies, technologies...as well as the right to restitution of cultural...property taken without their free and informed consent or in violation of their laws, traditions and customs.

This is another international convention in draft form. It is another example of how we have not done enough in Canada to protect indigenous cultural artifacts.

Alert Bay is not in my riding, but Alert Bay has had a long struggle to repatriate many of the artifacts and potlatch items that would continue to be used in a ceremonial and traditional way. It is another example of how the peoples have been forced to have lengthy negotiations about returning these artifacts. Although some formal repatriation of these pieces started in 1998, we are talking about it taking decades in trying to have these artifacts returned to their communities.

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It not only happens in museums. We continue to be faced with development in communities where there are burial sites. It is very difficult for the first nations to have their voices heard respectfully in these development applications. We are talking about burial sites, ancient remains of elders that are being disturbed. There is very little consultation and very little inclusion in a meaningful way. We talk about consultation, but it often is “we will send you a letter and tell you what is going on. If you get back to us in the timeframe fine, and if you do not, then so be it”. That is not consultation.

The elders need to be there. They need to have their oral history heard. They need to have their voices heard in terms of respectfully dealing with the artifacts and the remains of their elders.

**Ms. Ruby Dhalla (Brampton—Springdale, Lib.):** Mr. Speaker, I am pleased to speak in support of Bill S-37 and what it says about the values of Canadians to the world stage.

Bill S-37 really closes the legislative gaps and will clear the way for Canada to join the Hague protocols. In doing so it symbolizes Canada's commitment to multilateral efforts and organizations, organizations like UNESCO. It speaks volumes about our belief that there are common interests among all of the nations of the world and challenges that require collaborative effort.

We have seen on many occasions, most recently with the unfortunate tragedies of hurricanes Katrina and Rita, the willingness and openness of Canadians to come to the aid of those who are in trouble, because we as Canadians ask ourselves, what if it happened to us? We know that we as Canadians are in the fortunate situation and position of being able to help.

It is this same spirit of mutual concern and responsibility that led Canada to actually introduce the concept of multinational peace-keeping forces at the UN in 1956, to fight for the establishment of an international criminal court and to play a major role in it. Canada provided leadership to ensure that this became a reality.

Canada has championed the international land mines treaty; Canada has committed to doubling its aid to Africa, because we all ask ourselves as Canadians, what if this were actually happening to us? We know that as Canadians this is simply the right thing to do.

Canadians really want and expect Canada to continue to conduct itself this way on the international stage to show leadership on issues of humanitarian concern, to ensure that we represent Canadians and Canadian values in areas of international cooperation for the greater good. It was in this spirit of the need for the nations of the world to unite for a common cause and to do the right thing that led us as Canadians to join the Hague convention. Joining the two protocols of the convention is also simply just the right thing to do.

Among the things that Bill S-37 will enable Canada to do is to really strengthen our ability to return important cultural objects when they have been taken away from their country of origin and its citizens when they are most vulnerable, in other words, when they are occupied during or as a result of armed conflict, when they are powerless to protect those parts of their heritage that are most important to them.

When a country emerges from such a situation, the return of important cultural objects can be a crucial step toward healing the hearts and spirits of the people. Canada has long recognized the

central role played by culture in the identity of a country. What if this happened to us? We would want the nations of the world to ensure that they helped us recover what we had lost.

Bill S-37 will also allow us to prosecute Canadians who engage in such activities, such as those who play a role in illegal exports from occupied territories. Let me be clear. There is no evidence that Canadians are committing such acts. However, it is essential and imperative that we as a country send a signal to the world that Canada will not be a haven for those who do and that we have the means in our country to prosecute such crimes because once again, we think to ourselves, what if it were us?

We want other countries as well to help deter such acts and to punish those who commit them. Here we have the heart of what it means to join international agreements like the Hague protocols. It is not just about what one country is doing for another. It is about what we as a global community are really doing together. It is about the international community coming together, taking a stand and saying that this is wrong and we are going to work together collectively to stop it.

● (1240)

Canada has long been a leader in multinational efforts of various kinds that seek to rally a collective effort to do good on a variety of different initiatives. Canada has not been and is not afraid to stand with others to combat issues that are of a global nature, that are ultimately our world issues.

It is really the same spirit that has led Canada to support efforts at UNESCO to develop an international convention to protect cultural diversity, because it is the business of all countries together and it is an initiative and an effort that truly requires international cooperation, cooperation that we have seen in so many international initiatives and humanitarian relief efforts that have already taken place.

I strongly believe that the more countries that join the Hague protocols, the more weight they will carry and the more effective they will be in protecting the world's heritage, our heritage at a time when it is most vulnerable. I urge us as Canadians and here in the House to really do the right thing once more and clear the way for Canada to join the Hague protocols. I urge us to collectively support Bill S-37.

● (1245)

**Hon. Rob Nicholson (Niagara Falls, CPC):** Mr. Speaker, I do not know how many more speakers there will be on the bill but I am certainly pleased to add a few comments of my own before it moves on through the legislative process.

As has already been pointed out, the bill is an act to amend the Criminal Code and the Cultural Property Export and Import Act. The summary of the bill that is distributed says, among other things, and act to amend the Criminal Code to prohibit certain offences, including theft, robbery, mischief and arson against cultural property protected under the 1954 Convention for the Protection of Cultural Property in the Event of Armed Conflict. These amendments would allow for the prosecution of these offences when committed outside of Canada by Canadians.

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The bill would do a number of things that are ancillary to that as well to expand on this country's commitment and, indeed, the world community's commitment to protect cultural works and to protect particularly against offences that take place against them and, in this case, by Canadians.

It is always and it always has been a somewhat tricky business in the world to project one's own set of values, one's own set of laws outside the boundaries of our own country.

, I was reading over the weekend that this is the 200th anniversary of the Battle of Trafalgar. One of the outcomes of the Battle of Trafalgar was, according to this article, that it allowed the Royal Navy to project the English common law, the British Admiralty law basically right around the world. After that point it was generally acknowledged that the Royal Navy would not or could not be challenged to any great extent, so with the export of British influence through its navy, also came its laws.

We will see in the decades subsequent to that, instances that are very similar to the ones that we are dealing with in this particular bill. There were individuals who may have been picked up for a crime outside of the country. If they were a British subject, they may have been taken back to Britain to stand trial. Crimes against property could be prosecuted. The laws of the sea were promulgated.

Interestingly enough, one of the byproducts was that many countries, which had no connection to Britain or which were completely outside the British orbit, adopted many of the laws and principles just for the orderly traffic on the sea and for the betterment perhaps of their own causes, that if they adopted certain rules between countries it worked for the better.

For instance, one of the rules was that a country was able to own and control three miles off its territorial boundary. For many countries that had nothing to do with Britain and, indeed, did not have imperial measurements, would use the three mile limit to order the relationships between themselves because it sort of made sense and made for a more workable relationship.

In many ways, what happened in the 1800s was the idea that might was right. Might was not always wrong but if a country were strong enough, it could project its laws around the world. It did not just apply to the laws of the sea. It did not apply even to the English common law. For those who study law in common law jurisdictions, as the province of Ontario is, they will see many instances throughout the world where civil cases arise and end up getting looked after and decided in an English court.

Indeed, there was a doctrine promulgated by the English Court of Appeal at some point which said that the doors to the King's courts were open to the world. If we had a commercial transaction and we were not satisfied with the local jurisdiction, we could, under certain circumstances, have that heard in an English court and get a decision. It seemed to work out well.

However the world is a lot more complicated place than it was in the decades after the Battle of Trafalgar. One of the positive things that has happened in the last century is the development of international protocols that help establish the working relationships between countries and spell out the obligations that individuals have in peace time and in war.

● (1250)

I find the legislation that Canada is signing on to very interesting. As a nation we are committing to saying that Canadians who get involved in the destruction, theft or arson of cultural pieces can be prosecuted and brought back to this country where they can face a Canadian court. That is a good thing and I do not think anyone would disagree with that.

I have only made about two comments on this. A couple of Canadian veterans of World War II made it very clear to me that on a careful reading of the history of World War II, and I think that can be said of all Canada's participation in armed conflicts, I would see that Canadians are not the problem. They said that it was not us who created some of the atrocities and some of the cultural degradation for which there is evidence.

I agreed with those veterans when they said that it was not us who did some of these things. I appreciate that but the laws apply to everyone and mistakes are made by people of all nationalities and all countries. It seems to me that it is a leadership role that Canadians can play by adopting legislation such as this.

The other issue that was raised with me is that war, in and of itself, by definition, is a messy business and damage does take place. The individuals who were familiar with this bill and discussed it with me wanted assurances, and I think we can give those assurances, that we are not talking about the kind of collateral damage that can happen in an armed conflict. There can be destruction of property, and that can include cultural pieces and that is understood, but, in my reading of the bill, that is not what we are getting at.

I think overall this is a step in the right direction. I guess if I had any quarrel with this it would be the quarrel I have with a great deal of Criminal Code legislation, which is that there is no uniformity in the sentencing and the seriousness of an offence.

This bill is a perfect example of a case that I have made a number of times over the years. It says, among other things, that an individual who commits mischief against cultural property, which includes things like destruction, theft, illegal importation, is guilty of an indictable offence and liable to a prison term of up to 10 years.

If people want to steal art or destroy art in some other country, the Government of Canada says that they could get up to 10 years. One may ask what the problem is with that. My problem with that is when it is taken in relation to other offences defined by the government, it seems to me that it does not measure up with the seriousness with which I view other offences.

I will give an example. The House, indeed, the Canadian Parliament, is having a look at another bill known as Bill C-49 which is trafficking in persons. I believe that bill is before the Senate. The bill purports to make it a crime to traffic in human beings, to kidnap human beings or to press other human beings into slavery. This of course is a terrible problem. The United Nations estimates that over 700,000, mainly women and children, are trafficked annually around the world into this type of slavery and yet it is a little disappointing to me, although I do support the intent of the bill and bills like this have to go forward.



I would just point out that one of the offences created in that bill says, among other things, that if a person withholds or destroys documents, if a person permits or facilitates the commission of a trafficking offence, the person would be liable to a sentence of five years.

● (1255)

Let me back up for a second to the individual who assists in the importation of a person for the purposes of slavery. A person who destroys documents, who aids and abets this type of crime, is liable for an offence of five years. Do not get me wrong. I abhor any individual who would destroy a work of art, but in terms of the seriousness of these offences, those individuals who are into the importation and the enslavement of individuals are much worse offenders, in my opinion, and the sentences should be apportioned accordingly.

To be fair, it is not easy. I was a parliamentary secretary to the justice minister a little over four years ago. It was a little tricky. I remember trying to make sure, to the extent that I was able to in that role, that the penalties matched the seriousness of other offences within the Criminal Code. Indeed, there were individuals who used to suggest to us that we should start all over again with the Criminal Code, that we should start from square one and take all the offences, update them and make sure that the penalties corresponded with the seriousness.

Other than that reservation, and it is something that I just point out, quite frankly, I think the legislation should proceed. I am pleased to have been given the opportunity to say a few words on it.

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, I thought the member's speech was excellent. I want to comment on four points and primarily agree and reinforce what the member said. I also am glad that he told me what was in the article on Trafalgar because I ripped it out of the paper and have not had a chance to read it yet.

On the first point on promulgating our laws abroad, I do not think that is a problem, for two reasons. One is that all the countries in the world that are signed on to this agree with the same concepts or are doing the same thing in this particular case. We have a sort of world unanimity and we are exporting our law in this particular law just to apply to Canadians who are overseas. We would not want them destroying cultural artifacts in another country when they cannot do it here now.

On the fact that it was not us in the second world war, one of the reasons for joining international agreements even when we are not the problem is just to show that there is so much moral suasion in the world, with so many countries signed on, such that those who are not signed on or are creating these offences will feel more pressure.

Related to the rules of engagement, of course, incidental damage would not be a problem. It is a problem only if it is purposeful.

Finally, on sentencing, there could be debates on sentencing related to various laws, that is true, but in this case the sentencing functions and offences were simply transferred domestic laws. We just transferred them internationally. We are already applying those particular sentences and levels of offences in Canada without having any serious challenges to them. It seems to be working well. So to be

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fair, we would have to use the same offences if someone engaged in that crime in another location.

**Hon. Rob Nicholson:** Mr. Speaker, I actually like the point that Canadians can use moral suasion in encouraging other countries to follow our lead. We cannot persuade others to our point of view if we do not act on these ourselves.

While I agree with those veterans who made the point to me that they and certainly this country were not in the business of the destruction of cultural artifacts, nonetheless it is still something that we feel strongly about and these laws must apply to Canadians. I think it sets a very good example when we do incorporate our beliefs into the Criminal Code and we adopt international conventions.

I think it is a step in the right direction because I think it then does put us in a position where, in our discussions with other individuals and other countries, we can urge them to follow Canada's lead. We can say to them that we are not asking them to adopt or do anything that we do not have for Canada. To that extent I think it is the right thing for us to do.

I am pleased. I support this sort of thing when it comes through, but nonetheless I think there is that problem of uneven sentencing within the Criminal Code. It will take a much larger discussion than the discussion of Bill S-37 to correct some of that, but I am sure that we will have to leave that for another day.

● (1300)

**Hon. Bryon Wilfert (Parliamentary Secretary to the Minister of the Environment, Lib.):** Mr. Speaker, I am pleased to rise today to support Bill S-37, which is about the importance of protecting cultural heritage.

Canada, as we know, is a country with a rich and diverse heritage. The importance of our heritage has long been recognized by the government. We have established our national museums, our libraries and our archives. We have a system of national parks, sites and monuments that, I would suggest, is second to none.

We are committed players on the international stage in terms of international agreements that seek to protect the world's heritage.

Why do we do this? Because as a nation we recognize that our cultural heritage is at the heart of our society: where we have been, what we have done and, indeed, who we are.

From the famed totem poles of the Haida to the Parliament buildings, from the historic districts of Quebec City to Newfoundland and Labrador's Cabot tower, our historic places are as important to us in terms of our identity as the maple leaf, the beaver and, indeed, the Rocky Mountains.

Because we recognize how important heritage is, we also recognize what a terrible thing it is when heritage is lost. There is ample evidence of our efforts as a nation and as a government in seeking to prevent the loss of heritage.

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Most recently, I would like to point out the government's historic places initiative. As Parliamentary Secretary to the Minister of the Environment, I had an opportunity to work with our provincial and territorial colleagues in this regard. It is a model, I believe, of a federal-provincial-territorial partnership, which seeks to stem the loss of our built heritage and other historic places through such means as financial initiatives and financial incentives for developers to adopt and reuse rather than tear down historic buildings.

As a former educator who taught Canadian history for many years, I can tell members that for me this is a very personal issue. It is extremely important in terms of protecting the heritage of this country for future generations.

I can give another good example. We have seen only too clearly the impact on a society of the loss of culture and heritage among Canadian aboriginal peoples. We have learned that regaining a sense of culture and a sense of identity can be central to the healing of a community.

The government has committed to providing support to aboriginal communities to help preserve aspects of their heritage that have been or could be lost. One of the most important initiatives of this kind is the government's commitment of \$172.5 million over 11 years to preserve, revitalize and promote aboriginal languages and cultures, because we understand how important cultural heritage is to a society.

We have seen that the very reason heritage is so important to people is also why it is a target during armed conflicts. We have seen it in the former Yugoslavia. We have seen it in Afghanistan and recently in Iraq. We have seen cultural heritage targeted specifically because of the long term and often permanent damage its destruction can do to a people, to their morale, their identity and the long term well-being of their society.

The list of examples is disturbingly long and is evidence of great pain and distress. I would like to illustrate this with just a few points.

During the conflict in the former Yugoslavia, members may remember hearing and seeing the story of the intentional destruction of the 16th century bridge at Mostar. It was not just a bridge. It was an important cultural icon to the local community. It was intentionally destroyed to demoralize them.

I want to quote the comments of a journalist who tried to convey what the loss of this important piece of heritage meant. He said:

We expect people to die; we count on our own lives to end. The destruction of a monument to civilization is something else. The bridge, in all its beauty and grace, was built to outlive us...it transcended our individual destiny. A dead man is one of us; the bridge is all of us forever.

●(1305)

Bill S-37 will clear the way for Canada to strengthen our commitment to prevent and punish acts of this kind. We demonstrated that commitment by joining the Hague convention. It is now time to reaffirm that commitment by joining the two protocols to the convention.

Canada has been very fortunate not to have suffered the loss of its heritage during a modern armed conflict, but Canadians are not strangers to this issue.

We have seen the conviction of former Yugoslav military personnel for war crimes as a result of the 1991 attack on the world heritage site in Dubrovnik. I can tell members that it was a member of the Canadian armed forces who led the UN war crimes investigation team that investigated alleged war crimes in the former Yugoslavia in general and in Dubrovnik in particular.

This same expert from our armed forces also participated in Canada's delegation to the diplomatic conference that finalized the second protocol to the Hague convention in 1999.

Canadians understand what this is about. We are involved. We are committed to the protection of heritage at home and abroad. We understand and are committed to the international rule of law and to preventing the damage and destruction of important heritage during armed conflict.

We have an international obligation. We are going to fulfill that obligation with the passage of Bill S-37. In my view, joining the Hague protocols is the next logical step in that commitment. I would certainly urge all members of this House to support this. I believe it is timely. Again, I believe it is the last piece we need to have to ensure the protection, on an international basis, of heritage sites during armed conflict.

**The Acting Speaker (Mr. Marcel Proulx):** Is the House ready for the question?

**Some hon. members:** Agreed.

**The Acting Speaker (Mr. Marcel Proulx):** The question is on the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**An hon. member:** On division.

**The Acting Speaker (Mr. Marcel Proulx):** I declare the motion carried. Accordingly, the bill stands referred to the Standing Committee on Canadian Heritage.

(Motion agreed to, bill read the second time and referred to a committee)

\* \* \*

●(1310)

**EXPORT AND IMPORT OF ROUGH DIAMONDS ACT**

**Hon. Belinda Stronach (for the Minister of Natural Resources)** moved that Bill S-36, An Act to amend the Export and Import of Rough Diamonds Act, be read the second time and referred to a committee.

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, I am delighted to give an executive summary of the bill. The bill contains two small administrative changes.

Canada has joined with other countries in the world to stop the use of blood diamonds for dictators and bloody wars. Under the Kimberley convention, we have to make two minor adjustments as it evolves.

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One is that Canada cannot give out its statistics. The purpose of having the act is so the certificates and the statistics can be given out and people know what is happening. The other is to put a minimum size on diamonds that would not require certificates, such as tiny powder diamonds which are worthless or valued in cents, otherwise the whole system would bog down.

The Export and Import of Rough Diamonds Act provides controls for the export, import or transit across Canada of rough diamonds. It enables the implementation in Canada of the international Kimberley process certification scheme for the trade in rough diamonds.

The international community is still greatly concerned about the link between the illegal rough diamond trade and the financing of armed conflicts, particularly as occurred in Angola, Sierra Leone and the Democratic Republic of Congo.

While conflict diamonds constitute a very small percentage of the international diamond trade, they have had a devastating impact on peace, security and sustainable development in affected countries.

With the leadership from Canada, the United Nations has taken several initiatives to address this problem. As far back as 1998, the Security Council imposed sanctions prohibiting the import of rough diamonds from Angola that were not controlled through an official certification scheme.

During its term on the UN Security Council in 1999 and 2000, Canada played a key role as chair of the Angola sanctions committee in pressing for measures to strengthen implementation of these sanctions. These measures laid out the foundation for the adoption of the additional sanctions on Sierra Leone which placed similar restrictions on rough diamond imports from that country.

In December 2000 and again in March 2002, the United Nations General Assembly passed resolutions, of which Canada was one of the sponsors, calling for the creation of an international rough diamond certification program to tighten up measures to control the rough diamond trade and prevent illicit diamonds from getting into legitimate markets.

At the 2002 June Kananaskis summit in Canada, under the G-8 action plan for Africa, G-8 leaders reiterated their support for the international efforts made to identify the link that exists between the development of natural resources and conflicts in Africa, including the monitoring measures developed under the Kimberley process.

The Kimberley process was initiated in May 2000 by several African countries. In addition to responding to growing international pressure to address peace and security concerns, the process protects the national economies of several southern African countries, including Namibia, Botswana and South Africa that are highly dependent on the diamond industry.

Over the course of nine plenary sessions and two ministerial meetings, the process developed detailed proposals for an international certification scheme for rough diamonds.

In March 2002 Canada hosted the meeting of the Kimberley process that achieved consensus on the proposals for the scheme just across the river. I was delighted to be the guest speaker at the conference.

The scheme was seen as taking the form of international political understanding rather than a legally binding international agreement. At the meeting held in Switzerland early in November 2002, participating countries made a commitment to simultaneously implement the scheme at national levels on January 1, 2003.

In order for Canada to follow through on this commitment and implement the Kimberley process certification scheme on a solid legal foundation, the Government of Canada established the Export and Import of Rough Diamonds Act. The act came into force on January 1, 2003, under the authority of the Minister of Natural Resources.

●(1315)

Canada's Export and Import of Rough Diamonds Act provides the authority to verify that natural rough diamonds exported from Canada are non-conflict. It also gives the authority to verify that every shipment of natural rough diamonds entering Canada is accompanied by a Kimberley process certificate from the exporting country, again certifying that the diamonds have come from a non-conflict source. There also are trade restrictions whereby trading rough diamonds with non-participating countries is prohibited.

The Kimberley process, the principal international initiative established to develop practical approaches to the conflict diamond challenge, remains today. The process now includes 45 participants, including the European Union, which is involved in producing, processing and the marketing of rough diamonds. These participants include 99.8% of the global trade in the production of rough diamonds. They include all of Canada's major diamond trading partners.

The implementation of the Kimberley process has demonstrated significant benefits in curbing illicit trade in rough diamonds. For example, Sierra Leone's certified exports in 2004 were valued at \$155 million versus only \$10 million in 2000.

Although Canada's status as an important diamond producing country is recent, this industry currently provides an estimated 4,000 direct and indirect jobs in Canada. Mine production in 2004 is estimated to be valued at \$2.1 billion Canadian, ranking Canada as the world's third most important diamond producer by value.

This only marks the start of Canada's diamond history as more mines are scheduled to come into production in the coming years, including the Jericho mine in Nunavut in 2006, the Snap Lake mine in the Northwest Territories in 2007 and the Victor mine in Ontario in 2008.

These and other advanced exploration projects located in the same areas and also in Quebec and Saskatchewan ensure prosperous times to come for the economy of many regions. These include aboriginal communities as well as major Canadian cities as hubs for the financial markets, equipment manufacturing companies and other allied industries.

In addition to diamond mining, the small diamond cutting and polishing industry has grown in Yellowknife, Vancouver, Toronto, Montreal and Matane, Quebec. These operations have an important training component which includes a number of aboriginal apprentices.

*Government Orders*

Because the Kimberley process is in its early phase of operation, shortcomings which impede its effectiveness were noted and addressed at the Kimberley process plenary meeting held in Gatineau, Quebec, from October 27 to October 29, 2004. For Canada to be compliant with the Kimberley process, as per the modifications brought forward at that plenary meeting, the following amendments to our act are required.

We have to introduce a provision to enable publication of Canadian process certificate-based import and export statistics collected through the Kimberley process certification scheme.

We have to change the term “rough diamond” as defined in the act to provide ministerial powers to exclude classes of diamonds prescribed by regulation from the scope of the Kimberley process certification scheme.

With respect to the first amendment, under the Kimberley process certification scheme, participants are required to submit trade data to facilitate the identification of their regular trade activity. This is the foundation of the certificate scheme. Most participants submit trade data based on Kimberley process certificates. However Canada currently is one of only a handful of participants that does not submit Kimberley process certificates based trade data as it does not have the authority to do so. Canada submits the official trade statistics published by Statistics Canada because its definitions differ from the Kimberley process statistics.

Statistics Canada rough diamond trade stats are customs-based and measure rough diamonds imported and exported to Canada as a result of a financial transaction. Kimberley process trade certificate statistics, derived from information on the Kimberley process certificates, measure the flow or movement of all rough diamonds entering or leaving the country.

• (1320)

For example, exploration samples, technical evaluations or rough diamonds that are shipped for events such as trade shows are not included in the Statistics Canada trade data because the rough diamonds have not been sold to anyone, that is, no financial transaction has taken place. However, they are included in the Kimberley process certificates based trade data since all rough diamonds entering or leaving the country must be accompanied by Kimberley process certificates.

At the Kimberley process plenary meeting in October 2004, participants recognized that statistics derived from different sources were hindering the comparability and analysis of the trade data and, consequently, the effectiveness of the Kimberley process certification scheme. For this reason, Partnership Africa Canada has been quite vocal in having Canada amend its act to enable a publication of Kimberley process certificates based trade data. Further, as Canada chairs the Kimberley process working group on statistics, it is important that we lead by example.

NRCan has confirmed with Statistics Canada that the latter does not have any problems with Kimberley process certificates based trade statistics being published in addition to its trade data as long as they are appropriately sourced, which they will be.

The second amendment is to change the definition of the term “rough diamond” as defined in the act and to provide ministerial

powers to prescribe the classes of diamonds to be excluded from the definition “rough diamond”. It is required to comply with a change adopted by the Kimberley process plenary meeting, which limits the applicability of the Kimberley process certification scheme to diamonds equal to or larger than one millimetre in dimension. This decision was made to remove the unnecessary administrative burden on the Kimberley process certification scheme as the smaller diamonds are too low in value for illicit trade.

As concerns the exclusion of the smaller rough diamonds from application to the Kimberley process, we propose to set the sizing criteria through a regulation. Some concerns have been expressed about addressing this issue through regulation rather than in legislation itself. There are four important reasons as to why this should not be an issue.

First, changes to the Kimberley process certification scheme are adopted by all Kimberley process participants on a consensus basis. Canada has no discretion on whether to implement these changes, if it is to remain a participant of the process, and not disrupt Canadian trade in rough diamonds. Therefore, any regulation will have to conform to the requirements of the international process.

Second, dealing with the Kimberley process guideline through regulation provides additional checks and balances as the regulation development process requires a public consultation as well as review by the Standing Joint Committee on Scrutiny of Regulations, which reviews and scrutinizes regulations on the basis of legality and procedural acts. Consultations will take place with all stakeholders, including producers, importers and civil society to ensure that the regulation is practical to implement and that at the same time meets the intent of the Kimberley process guideline.

Third, the regulation is technical in nature and will require input from the industry to ensure that the wording of the regulation meets the intent of the Kimberley process, but at the same time is practical to implement and enforce.

The diamond industry in Canada uses sieves to separate its diamonds into different size fractions. We understand that the sieves currently in commercial use do not result in 100% separation between diamonds one millimetre or longer and those less than one millimetre. Therefore, the wording of the regulation must address this issue.

Finally, should the Kimberley process decide to alter the technical guideline related to the size for any reason, Canada would be in a position to comply without going through a legislative process.

*Government Orders*

As we know, because the bill is technical in nature, it was first introduced in the Senate on May 19. It was eventually referred to the Standing Senate Committee on Energy, the Environment and Natural Resources and passed by the Senate without amendments on June 20. Both the mining industry and the diamond cutting and polishing industry are dependent on access to export markets and this access depends on Canada's participation in the Kimberley process.

In conclusion, I am looking for the supports of members for the bill in order to signal to Canadian stakeholders and to the international community that Canada is moving ahead to comply with the evolving requirements of the Kimberley process certification scheme.

• (1325)

**Mr. John Duncan (Vancouver Island North, CPC):** Mr. Speaker, this initiative has the support of the diamond mining industry and the value added sector, so did the private member's bill, which I sponsored in the House of Commons, Bill C-259 on removal of the excise tax on jewellery. That bill is now sitting in the Senate. I was wondering if the Parliamentary Secretary to the Minister of Natural Resources would indicate whether the department will be pursuing support of and quick passage of that bill in the Senate to ensure that we get that very positive bill through to royal assent this fall.

**Hon. Larry Bagnell:** Mr. Speaker, I do not have the technical knowledge to answer that question right away, but I will get an answer as quickly as I can for the member. It too is definitely in my best interest because in my riding of Yukon it is not related to diamonds, but it is related to gold nugget jewellery which is a very important industry. We are certainly keen on getting that through as well and I will find out for the member as quickly as I can.

**Hon. Roy Cullen (Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, the bill before the House that the Parliamentary Secretary to the Minister of Natural Resources has presented is something that I will be supporting. I think it is a very good initiative.

I have a question related to diamond mining and the diamond industry generally in Canada. We have become, as I understand it, the third largest diamond producing country in the world. I am wondering what opportunities there are to add more value to those diamonds in Canada. A lot of those diamonds now are being shipped, in fact all of them are being shipped, from Yellowknife to places like Antwerp where they are cut and polished.

I am working on a proposal to create a diamond trading centre in Toronto where many of the rough diamonds, let us say 30% to 40% of the production from the Northwest Territories, would come to a diamond trading centre in Toronto. When a diamond trading centre is set up, we would get all the value added industries around that because the cutters, the polishers and the other value added players want to be close to the diamond trading centre.

I know there is some interest to have a value added industry in Yellowknife, but I am told by the industry players that it would be difficult to implement. Rather than just let the diamonds flow offshore, why can we not have the diamonds adding value in Canada?

**Hon. Larry Bagnell:** Mr. Speaker, the parliamentary secretary is hoping that we could initiate and encourage some processing in Canada of the diamonds, so that we are not just exporting raw diamonds. As he says, all the rough diamonds are actually sent to The Hague.

We are actually already doing what he is asking about. Once those Canadian diamonds get there a number of them are evaluated, so they can be recorded. They are then sent back to Canada and are processed in areas where there are small diamond cutting and polishing operations: Yellowknife, Vancouver, Toronto, Montreal and Matane, Quebec. We are already doing that. I will certainly do anything I can to support the member in getting more of it.

I have visited a diamond cutting and polishing operation in Yellowknife. One of the things that was very exciting, when I talked to the experts there and the aboriginal people who were involved who had stuck with the business, we were rated as being among the best in the world. Our people are very talented in this particular highly technical skill.

The one problem that I can foresee which makes it difficult for us is that the wages of the people who are doing this in the traditional areas of the world, like Antwerp, South Africa and so on, are doing it for much lower wages than the people we would like to see do it here. This provides our people with opportunities for higher wages.

To attract the skilled workforce in this world of international competition, when people with those skills can get higher paying jobs in Canada, is a bit of a challenge. However, outside of that, I agree 100% with the parliamentary secretary. We will be doing everything we can, not only in diamonds but in all the industries, to add value to the remarkable raw resources that we have in Canada. Certainly, there is a lot more money and economic input to be gained in the value added stage than just exporting raw materials.

• (1330)

[*Translation*]

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, we know that the Export and Import of Rough Diamonds Act states that the government must carry out a full review of its operations and impact three years after the act took effect and must submit the report to Parliament. Next January, the act will have been in effect for three years.

How can they say that they are going to introduce amendments to the act without having reviewed the entire process and made the report in order to introduce amendments which, first and foremost, will enable us to continue to be part of the Kimberley process and also respond to various deficiencies that may be identified during this review?

[*English*]

**Hon. Larry Bagnell:** Mr. Speaker, that is an excellent question and I hope it does not mean the member will not be supporting the bill. There will be a review coming up, it appears, in the near future. We could, in theory, make these amendments plus any other amendments that are determined by the operation of the act, keeping in mind that we have to be consistent with the international scheme.

*Government Orders*

The problem is that just because things are scheduled for amendment does not mean they occur that quickly. We know how things happen in the House. If we have a particular bill, it does not necessarily get through as quickly as we want and there are all sorts of delays.

These two small technical problems are occurring right now. We have to be consistent with the international community, and we are not. I am sure there is not a single member in the House who would like diamonds to go out that help ruthless dictators murder people for one more day after today. By simply allowing us, for instance, to publish our trade statistics so they can be compared with other countries will ensure that there is no illegality going on and it will also ensure the smooth functioning of the process, so we do not have to do certificates for the tiny diamonds worth a few cents.

Some countries may have less resources than us in their bureaucracy or administration to do statistics which might cloud some really major criminal or bad political groups taking advantage of the diamonds.

It has already been decided internationally. We are a little bit out of step. We can improve the process right now with these minor amendments, but I agree wholeheartedly with the member that when the act comes up for review, we will do that as quickly as possible. We need to maintain consistency with the international bodies and will make improvements to the act at that time too.

• (1335)

**Mr. John Duncan (Vancouver Island North, CPC):** Mr. Speaker, I am pleased to speak to Bill S-36. It is a fairly straightforward bill, but there is a lot behind it in terms of how we got to where we are today. It is part of the Kimberley Process certification scheme of which Canada is an active member. Actually, Canada chaired the scheme in 2004 and is an ongoing chair of the statistics working group and the participation committee.

One would assume that we would be a leader in this process and here we are dealing with some fairly minor legislation. We are one of only a handful of 48 member nations that are part of this scheme that are not yet in compliance.

This goes to the heart of what has been happening in governance issues emanating not just from the government of the day but from a general malaise at the sponsoring department, Natural Resources Canada, where we certainly had a leadership problem for some time. This is very symptomatic of once again Canada struggling to match its words with its actions. This should have been dealt with in a very straightforward way much sooner.

The truth of the matter is this action has been supported by industry. It is supported by all of the participating territories, provinces and no one is suggesting that this not something we should do and yet it is slow to happen. I asked the parliamentary secretary about Bill C-259, which is a bill I sponsored and has passed the House of Commons, which removes the 1919 tax on jewellery on value added. I understand that bill is now languishing in the Senate. There is some concern that the government is not supportive of the bill despite the fact that the majority of non-cabinet members of the Liberal caucus and basically all of the opposition members voted for that bill.

This is a major concern for the industry because it affects the mining sector and the value added sector. Any of the value added sector which is dealing with producing a product in Canada is actually going to produce for domestic purposes a product that is more expensive than the identical product imported into Canada. That is no way to grow a domestic industry, especially one with the economies of scale that can become a player in the export market.

We have all of the ingredients for a very successful industry in Canada. We produce precious metals. We produce precious stones including diamonds. We have tremendous design and artistry skills. We have jewellery manufacturers, many of which have had to downsize because of increasing global competition.

• (1340)

However much of that is related to either the financial penalty imposed by this excise tax, the hidden tax, or by external investors who have chosen not to invest in the Canadian jewellery sector because they do not like the implications of that tax, how it is imposed and its complexities. It is sort of a double whammy.

The time has long since passed when it was needed. It was to pay for the war effort in the great war, World War I, and yet we do not hear a commitment from the very department, Natural Resources Canada, that should be fighting in cabinet for the speedy passage of that bill. I am quite concerned about that. We have an opportunity here to do something that is very right and I am concerned that instead the government is headed toward doing something that is very wrong.

If we have the right kind of leadership in Canada, we will have, not the world's third largest diamond industry, which has been stated here by Liberal colleagues, but the second largest industry by 2012 if we can give the right kind of assurances that the diamond sector will not be somehow penalized. This is one way to do that.

Another way to do that is to demonstrate, through the budgeting process, that there is a commitment to the mining sector, a commitment to the future and future development of new mines.

The last budget passed by the government was a major disappointment on this front because the mining industry and the prospectors had been assured of significant funding for geoscience. A joint federal, provincial and territorial cooperative geological mapping survey was well developed and there was a strong feeling that the government had bought in, but when it came time for delivery it was not there. This would have cost the federal government a commitment of \$25 million annually for 10 years and basically would have mapped great parts of the north, which are not currently mapped, to a level that would have allowed it to be useful.

This is a major infringement on our ability to find and develop new diamond mines and other kinds of mines. We need better leadership on that kind of issue from the government than what we are getting.

*Government Orders*

Another major disappointment was that the super flow-through, which also applied to the mining sector, was not renewed in the budget. What we now have is some of the provinces actually finding themselves doing more than the federal government, but of course that does not help us in the north where we are into the territories rather than on the provincial scene.

Much needs to be done. We have reached where we are in the Kimberley process because of this whole issue of blood diamonds. It is most appropriate that Canada takes a very significant, strong, positive role in doing everything we can to avoid the issue of blood diamonds.

I have very dear friends who are constituents in my riding who were long time residents of Sierra Leone. I have talked with them about the issue of blood diamonds and it brought it home in a very real way to me. One of the things that was happening is that these diamonds are not mined. These are alluvial diamonds that are basically found on the surface and Sierra Leone is very wealthy in these things. Presumably, if one were to look long enough one could find these things in an exposed fashion without even the need to dig for them.

• (1345)

The areas where these diamonds were found were being controlled by rebels who were largely from Liberia. This was being used to create violence and to control territories in a way that was very ugly. One of the ugly parts was that children were being conscripted by the rebels and then forced to commit atrocities against their own people. The children were often drug addicted by the rebels or placed in compromising positions to spare their own lives or amputation, which is a common terrorist approach used to force their will upon the oppressed youth.

For example, Sierra Leone has the highest rate of amputations in the world and part of the problem is that thumb prints have been used as identification in elections when dealing with people who are illiterate. The rebels used this draconian method to ensure that a portion of the population could not cast their ballots.

When we talk about the Kimberley process and when we talk about how all these measures stack up, we have to be thinking in terms of what it does to address the core issue which is the blood diamonds and ensuring we are not doing anything to compromise the international ability to stomp out these illegitimate diamonds.

I think the Kimberley process has actually accomplished a fair amount on that front but it is certainly not perfect. One thing Canada wants to be sure of is that our production does not get tainted with any suggestion that our system does not have complete integrity because that would affect the marketplace.

We have a country where blood diamonds completely changed its social dynamics. Sierra Leone was once the hub of West Africa, featuring the first university in the region. It was a leader in many cultural and social trends. It also has the third deepest and largest natural harbour in the world. We saw this natural harbour being used in any number of conflicts in the 20th century and most recently by the British during the Falklands War. This has been changed quite dramatically all because of these illegitimate diamonds.

The governance of a country actually becomes compromised in that type of situation and the national treasury, once it is deprived of hard currency, whether it is U.S. dollars, Euros or other forms of currency, is placed in a very impossible position in terms of purchasing commodities on the world market and so on. This is what happened to Sierra Leone. This is what made it so very difficult. We even had situations where we had United Nations peacekeepers in Sierra Leone who became part of the problem rather than part of the solution. I am certainly not suggesting that was the case with any of the Canadian peacekeepers who were there but there was certainly compelling evidence showing that did occur with peacekeepers from other nations who threw their lot in with the rebels in terms of controlling some of the territories.

• (1350)

In terms of what we can do in Canada, another crucial issue is the fact that the Canadian government has been reluctant to enter into any kind of good faith, long term renewable resource sharing with our territorial governments. This discussion, debate, dialogue, discourse has been going on too long and it has made it more difficult to achieve the kind of forward progress that would lead to natural resource development on all kinds of fronts. In my view this is contributing to the ongoing impediments that are now in the way in terms of the development of the Mackenzie Valley pipeline proposal and any number of other projects. It is often difficult to pin down lost opportunity but we have had lost opportunity and that lost opportunity often does not knock again or we may not see it again for generations.

This is an area where we need leadership and an area where the federal government could do a lot but has chosen not to. As a matter of fact, I think the agenda is to slow that entire process down rather than to accelerate it. This is just a different vision of federal-provincial relations from the one shared by the official opposition. I think, once again, we could see some major new developments if the government would change its behaviour.

This summer, I had the opportunity to travel to Yellowknife and then to fly in to one of the two operating diamond mines in Canada in the Northwest Territories, which is about 300 kilometres by air from Yellowknife. I travelled to the Diavik operation which is very impressive. There is a \$1.3 billion investment in a place where we have hundreds of highly paid, highly skilled, well trained and mostly northerner employees who are building dikes, pumping out lake water in an environmentally sound and very sustainable way and then removing rock and overburden and then getting into the kimberlite pipes and processing the diamonds which are all used for cosmetic purposes.

This is a huge industry with huge employment benefits and it is all based on this presumption that people will buy these diamonds for cosmetic purposes. That is why the integrity of the system is so important.

• (1355)

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, I appreciated the member's speech on the Kimberley Process. It was very thoughtful, as many of his speeches are. He added some good background for the House about the actual situations on the ground.

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Unfortunately, I have a couple of disagreements with what he said in his 10 minute preamble. The first is about leadership malaise. Of course we have some of the most dynamic leadership in the history of this country. In my 20 minute speech, I explained how unparalleled historic agreements have been signed and a large volume of success has been accomplished in the first year of this Prime Minister's time in office. That has never been challenged.

His other comment related to the department itself. The department has a very dynamic minister at this time, who is making great progress, and that is exciting. I have been at a number of meetings with him. Also relating to leadership, I should tell the member that the department has a new deputy minister. I have spoken on at least two occasions to industry associations when he has been involved in the presentations. They are extremely impressed by and satisfied with him.

Now that there is strong leadership in the department and because the department is important to the country, I know the member would not want to do anything to change that, such as changing the government.

In relation to geoscience, I am delighted that the member and the opposition are supportive, because it is a big item for the government and for our department. The government has funded significant geoscience in the past, with great rewards. As the member said, more work needs to be done, especially in Nunavut and other areas in the north. We are continuing to support this because we would like to have more as well.

Finally, on renewable resource sharing, I would like to note that the government has already concluded a very successful devolution agreement with Yukon Territory. Almost all the remaining residual provincial powers were transferred to Yukon. It was amazing how smoothly it went. There were virtually no problems in the implementation. We are undergoing negotiations with the Northwest Territories and Nunavut as well.

There is a question that I would like to ask the member. I mentioned that new diamond projects are coming along and it will be very exciting for Canada. We are already third in the world and we have new projects in Saskatchewan and Ontario, potentially in Quebec, and in Nunavut and the Northwest Territories. Does the member know of any potential diamond projects in his province?

**Mr. John Duncan:** Mr. Speaker, rather than go directly to the question I will talk to the preamble a bit. Natural Resources Canada has been a very professional department. It suffered under two years of rudderless leadership and then for a period of time went without a deputy minister. It now has a deputy minister. The former minister continues to be paid not to be minister, and the department now has half a minister who is not being paid to be minister. This is a crazy set-up. This department deserves much, much better. That is my response to the preamble.

In terms of the diamond industry, I am aware of interest in the northern parts of the provinces. I am not aware of anything specific in British Columbia. Perhaps some of that mapping money would help and we could pin that down a little better.

## STATEMENTS BY MEMBERS

● (1400)

[*English*]

### HERITAGE THOROLD

**Mr. John Maloney (Welland, Lib.):** Mr. Speaker, I was pleased to attend the designation of Trinity United Church in Thorold, Ontario, under the Ontario Heritage Act. This attractive Gothic Revival or Regency Gothic style stone church, with beautifully detailed stained glass windows and impressive exterior, was completed in 1849 and remains on its original site, making it a landmark in the community. It is the oldest church continuously used for worship in Thorold.

Noteworthy features are the three-bay front facade with central tower and the attractive two-tone walls combining grey limestone and red sandstone. The current seating arrangement reflects the Akron plan, typical of post-1870s Methodist churches, with curved tiger-oak pews facing a communion table set centrally within the choir stalls. The incised Gothic decoration on the pews mirrors the slope of the church windows.

The first sermons were preached by the Reverend Egerton Ryerson, the renowned Methodist minister and pioneer of public education in Ontario.

I compliment Heritage Thorold LACAC for its interest in the history and architecture of our region. I salute Trinity United Church for helping to protect and steward the heritage of Thorold, our province of Ontario and our country, Canada.

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### PUBLIC SERVICE

**Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC):** Mr. Speaker, I am pleased to welcome a group of students from my riding to Ottawa today. They are here as part of a program I call a "Capital Experience", where two student leaders from each of the seven high schools in my riding come to Ottawa for three days each October to learn about career opportunities in public life.

As someone who grew up in a small town myself, I am very aware that young people from rural areas do not always have the opportunity to learn about the many interesting career opportunities that could await them in public service.

Today I welcome to Parliament: Bonnie Thornbury and Meg Carruth from Fenelon Falls; Lindsay Code and Natalie Jamieson from LCVI; Sabrina Kuhn and Jessica Rich from Crestwood; Aileen Robertson and Ashley Higgins from St. Thomas Aquinas; Nicole Rallis and Tristan Ellis from Haliburton; Stephanie Chapman and Katelyn Harrison from I.E. Weldon; Dan Westerbon and Gwen Elliot from Brock; and Christine Everett from St. Peter's.

I hope that all my colleagues will join me in wishing these young people all the best as they make decisions regarding their future careers.



### COMMUNITY DEVELOPMENT

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Mr. Speaker, tomorrow I will be hosting a community round table on the development of Shannon Park in my riding. These lands offer huge potential and an opportunity that must be managed carefully.

Located in Dartmouth North, this area is already home to a huge percentage of ad hoc high density development. We must ensure that whatever development takes place is something that the people of Dartmouth North will be proud of. I believe it could include affordable housing as part of a mixed development plan, which may well include being the location of Halifax's 2014 Commonwealth Games bid.

A key issue is the future of Shannon Park School, which ably serves local residents and is the French immersion elementary school for Dartmouth. Its future must be assured.

Working closely with provincial and municipal officials, we can develop Shannon Park in a way that brings pride to Dartmouth North, recognizes the potential of creative affordable housing and protects Shannon Park School. As host of the 2014 Commonwealth Games, it can be an attractive venue for international visitors and leave a legacy of community recreational facilities for local residents.

I ask everyone to join me and the District 9 Residents' Association tomorrow night to further discuss the development of these lands.

\* \* \*

[Translation]

### CITIZENS OF TERREBONNE

**Ms. Diane Bourgeois (Terrebonne—Blainville, BQ):** Mr. Speaker, today I am paying tribute to my constituents in Terrebonne, a municipality abounding in ingenuity, talent and savoir faire.

Terrebonne, the administrative seat for the Des Moulins RCM, stands out for the services it provides to its citizens. Its public policies emphasize community action, providing vital support for all aspects of residents' lives, both personal and environmental. Just recently, a family policy has been added.

Recognized as the second most significant historic site in Quebec, Terrebonne is determined to achieve a Canadian first: the development of an international industrial city.

The Bloc Québécois is very proud to represent Terrebonne and commends the achievements of all those responsible for its success.

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[English]

### DISASTER PREPAREDNESS

**Hon. Hedy Fry (Vancouver Centre, Lib.):** Mr. Speaker, recent tragic events in New Orleans in the wake of Katrina and the recent earthquake in Kashmir should give us reason to reflect on human impotence in the face of nature's savage wrath.

I know that it has rudely shaken us out of complacency in B.C., because for us it is not a question of whether there will be a massive earthquake in B.C., but when. Unlike Katrina, there will be no

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warning. It will be sudden and brutal and the lives of 32,000 schoolchildren in certain B.C. schools will be in danger.

These particular schools are not structurally capable of withstanding even a moderate earthquake, so the provincial government has set aside \$1.5 billion over 15 years to upgrade schools. Yet scientists tell us we are overdue in B.C. for the big one, so we may not have 15 years.

We can help to speed up the restructuring project by designating B.C. schools as critical infrastructure and putting the funds in place to do so immediately. This presents a real opportunity for our federal government to show its disaster preparedness plan in action.

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● (1405)

### YEAR OF THE VETERAN

**Mr. Gurmant Grewal (Newton—North Delta, CPC):** Mr. Speaker, recently I met with Liliana Jones and Margaret Nielsen of Kennedy House Seniors' Society in North Delta. The society is spearheading a drive to construct a memorial wall honouring the residents of Delta who died for our country.

North Delta does not have a memorial for its war dead and veterans have never had a place of their own to observe Remembrance Day. The provincial government provided a grant of \$95,000 for the project. The residents have contributed \$32,000. The city has chipped in with the land and landscaping.

However, in this Year of the Veteran, the federal Liberal government has refused to assist. A letter received from Veterans Affairs only offers advice.

This work in progress must not be left incomplete. It deserves to be finished.

The people of Kennedy House have a good idea. The North Delta memorial wall merits support, including support from this Liberal government.

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### URBAN INUIT CONFERENCE

**Ms. Nancy Karetak-Lindell (Nunavut, Lib.):** Mr. Speaker, in Ottawa this Wednesday and Thursday a national Urban Inuit Conference will discuss the plight of urban Inuit. For a variety of reasons, more and more Inuit are living in major centres in the south and often are not able to access programs and services which they are entitled to, whether as Canadians or land claim beneficiaries.

*S. O. 31*

Raising awareness of this growing problem and examining mechanisms to rectify the many issues faced by urban Inuit, this conference is a positive first step and another example of responding to the current realities of Inuit adaptation to today's world.

I would like to thank the Inuit Relations Secretariat of the Department of Indian and Northern Affairs for sponsoring the event and Tungasuvvingat Inuit, the Ottawa-based Inuit centre, for arranging the event. I know that the facilitator, Mary Simon, and the organizer, Shani Watts, will do a great job and I thank everyone who has worked hard to make this a reality.

I look forward to meeting, listening and sharing with urban Inuit from St. John's to Yellowknife.

\* \* \*

[*Translation*]

**ROSA PARKS**

**Ms. Pauline Picard (Drummond, BQ):** Mr. Speaker, the woman affectionately referred to as the mother of the civil rights movement in the United States died yesterday at the age of 92.

December 1, 1955, was a landmark date in the fight against segregation laws in the United States. On a bus in Montgomery, Alabama, a black seamstress took a seat reserved for whites and refused to give it up to a white man. That woman was Rosa Parks.

For her act of defiance, she was arrested and fined \$14. A campaign to boycott the bus company ensued and lasted 381 days. The campaign was orchestrated by a young minister who would become famous in his own right: Martin Luther King. The following year, the U.S. Supreme Court declared segregation unconstitutional. Rosa Parks will forever remain an inspiration in our struggle to achieve peace, equality and freedom.

\* \* \*

[*English*]

**ROSA PARKS**

**Hon. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, on December 1, 1955, in the segregated city of Montgomery, Alabama, Rosa Parks, a black woman, was ordered to make room for white passengers on a city bus. She refused to give up her seat. For this, she was arrested, tried and convicted of disorderly conduct and violating a local ordinance. Her case ultimately resulted in a decision by the United States Supreme Court declaring segregation unconstitutional.

Rosa Parks did not have the luxury of being able to take her freedoms for granted. She fought on behalf of all those who believe that all men and women are created equal.

Last night, Rosa Parks passed away. I would like to take this opportunity on behalf of my constituents, and I believe all Canadians, to salute her efforts as a pioneer within the civil rights movement and to express our deepest sympathies and condolences to her family and friends. Her contribution to equality and social justice will never be forgotten.

**INFRASTRUCTURE**

**Mrs. Nina Grewal (Fleetwood—Port Kells, CPC):** Mr. Speaker, if there is anything these Liberals are good at, it is recycling announcements and making promises they do not keep. The Liberals again made phony promises for the Gateway and South Fraser Perimeter Road projects.

The lower mainland is Canada's gateway to Asia. Potential trade worth billions of dollars represents Canada's economic future and well-being and yet our ports, borders and highways are all in disrepair.

Traffic is at a standstill as our businesses suffer. Asthma and other illnesses increase as smog chokes my constituents.

British Columbians have been asking the government to show them the money for 12 long years. Because of this government's dithering, smog, congestion and road rage have all increased.

When will the Prime Minister finally show British Columbians the money? Or is he too busy showing the money to Mr. Dingwall?

\* \* \*

● (1410)

[*Translation*]

**MEMBER FOR GLENGARRY—PRESCOTT—RUSSELL**

**Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Speaker, 39 years ago today, I entered this building for the first time as an employee of the House of Commons.

[*English*]

I did not come here initially as an MP, nor as an assistant to a prominent personality. I came here as a busboy in the parliamentary restaurant. It has been an incredible journey, one in which I have been lucky enough to work here as an employee, then to be elected at the municipal, provincial and federal levels and then, subsequently, to be a member of the cabinet. For this, I will be extremely grateful.

[*Translation*]

This time next year, I will have retired and I will no longer be an MP. So I want to take advantage of the last anniversary of my arrival here to pay tribute to my constituents, my colleagues and the employees of the House of Commons. They, just as much as we parliamentarians, are an integral part of this great and beautiful institution called the Parliament of Canada.

\* \* \*

[*English*]

**ROSA PARKS**

**Mr. Brian Masse (Windsor West, NDP):** Mr. Speaker, I rise today to pay tribute to Rosa Parks who passed away yesterday.

Rosa Louise McCauley was born in Tuskegee, Alabama in 1913. After her marriage to Raymond Parks, she worked for many years as a seamstress, until 1965 when she was hired by Democratic John Conyers, Jr. as an aide to his congressional office in Detroit.

On December 1, 1955, she refused to give up her seat on a bus for a white man. Commenting many years later, Rosa set the record straight for the event that had her arrested and credited her with sparking the civil rights movement of the 1950s and 1960s.

She did not have sore feet that day. Rosa Parks was tired of being humiliated, of having to adapt to rules and traditions that reinforced the position of blacks as being something less than full human beings.

Rosa has been described as shy and soft spoken. She was reluctant to be the symbol that she had become. Through the 1940s and 1950s she was an active member of the NAACP.

Her life is a lesson to all of us. The actions of individuals can cause big changes for all of us. In the words of the Kingston Trio, "When Rosa Parks sat down, the whole world stood up. What's good for one, is good for all, is good for all of us".

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#### MY CANADA

**Mr. Myron Thompson (Wild Rose, CPC):** Mr. Speaker, I had the pleasure to meet a group of young people called My Canada, or Motivated Young People for a Strong Canada.

My Canada is meant to serve as a banner for all young Christians in Canada, between the ages of 15 and 35, who are committed to being a voice for truth and justice in our nation.

They are not representing a denomination or special interest group. Their mission is to engage with leaders to let them know they exist and what their heart is for our nation as well as to motivate and mobilize young Canadians so they too will become leaders themselves one day.

They recognize that the voice of the younger generation, particularly those who hold fast to traditional standards of morality, is pretty much absent. One of the reasons this exists is because the federal leaders have told them this is how the younger generation thinks. My Canada is here to say that they want their voices to be factored into the equation.

I would like to invite all members to come and meet with these future leaders at a breakfast meeting this Thursday at 8:00 a.m. in Room 200 West Block. It will be well worth their time. Welcome to the House, My Canada.

\* \* \*

[Translation]

#### QUEBEC MARINE DAY

**Ms. Caroline St-Hilaire (Longueuil—Pierre-Boucher, BQ):** Mr. Speaker, in October 2002, the Government of Quebec declared October 25 Quebec Marine Day. The aim of this event is to promote our majestic St. Lawrence River and recognize its socio-economic contribution.

This year's theme, "The St. Lawrence River at the heart of Quebec regions" demonstrates the importance of this economic sector and its numerous advantages as a tool for strategic development. However, in order to ensure greater competitiveness, the federal government

*S. O. 31*

must agree to the demands of the marine industry and review its marine policy with respect to the new challenges.

Over the past several months, the Bloc Québécois has held broad-based consultations on the future of the St. Lawrence. We have found that, for the regions of Quebec, this waterway holds great potential in terms of economic development and recreational tourism as well as providing a means of transportation with major environmental benefits.

I want to thank everyone who expressed their keen interest in the St. Lawrence, and I invite the public to help make Quebec Marine Day a success.

\* \* \*

•(1415)

[English]

#### ROSA PARKS

**Ms. Bev Oda (Durham, CPC):** Mr. Speaker, today we mourn the death of a great woman who changed the world with a simple gesture, Ms. Rosa Parks.

Fifty years ago she walked on to her regular bus to go home after work in Montgomery, Alabama. Only this time she did not go to the back of the bus. Her subsequent arrest for violating the segregation laws became the spark that lit the civil rights movement.

Today's visit of Secretary of State Condoleezza Rice is proof of Rosa Parks' victory over racial prejudice. As a young girl, Dr. Rice saw her own newly integrated school firebombed by racists, resulting in the death of four of her schoolmates. That hatred was overcome by the moral courage of women like Rosa Parks and Condoleezza Rice who rose above it to become one of the most powerful and respect women in the world today.

Ms. Parks was not only an icon for African Americans, but for marginalized people around the world. As a Japanese Canadian, I was born at a time when my own family and community were denied their basic rights as Canadians, including the right to vote.

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#### NATIONAL PROGRAMS

**Mr. Mario Silva (Davenport, Lib.):** Mr. Speaker, recently two prominent Conservatives, Mike Harris and Preston Manning, released a completely inappropriately named report "Caring for Canadians". The report should have been called "Caring for a few Canadians".

They call for a voucher system for schools, but we all know it is simply to deprive our public schools of the funds they so desperately need. They speak of a welfare system that would only add to the burden of the poorest Canadians. They demand what amounts to privatized health care that would serve the rich and deprive the vast majority of Canadians of the health care they deserve, and the list goes on.

What they are trying to do is to eliminate the national programs that Canadians know as part of the fabric of our country.

*Oral Questions*

We are a caring nation founded upon compassion and fairness. If we all really want to care for Canadians, then we must disregard the self-centred ideas of Harris and Manning and keep moving forward.

after a dispute that has gone on for five years, he should not lecture anyone on not understanding the file.

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## ORAL QUESTIONS

[*English*]

### SOFTWOOD LUMBER

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, we have seen more mixed messages from the Prime Minister on the softwood lumber file. After saying that we would not negotiate after we had won, yesterday the Prime Minister started to say that we would negotiate but only if we got the duties back.

However, today we have learned from a senior government source that there are no preconditions, that the Prime Minister is willing to enter into negotiations with the United States whether there is any guarantee of getting the duties back or not.

My question is for the Prime Minister. Is not his approach really to talk tough with the Americans to Canadians in public, but privately to be soft as putty?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, the government has made it abundantly clear on a number of occasions that NAFTA must be respected. The question really is this. How hard is it for the Leader of the Opposition to understand that we will not negotiate a win? We won the \$3.5 billion. We eventually will win the other \$1.5 billion and we will not negotiate a win. We will not negotiate unless we have signs that NAFTA will be respected.

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, I guess the Secretary of State must have left because he is talking tough again. The Prime Minister should tell his own ministers.

The Prime Minister backed off his line on no negotiations. He has backed away from retaliation, and the government is not helping the industry either.

We have proposed to assist our industry through loan guarantees against illegal duties. Will the Prime Minister at least agree to assist our industry through this battle?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, first, the Minister of Industry already has indicated to the House that he is working on a package to help the industry, and we understand just how important that is. The real issue is the inability of the Leader of the Opposition to understand the file.

We have taken a position of principle in terms of recognizing the importance of NAFTA. What the Leader of the Opposition should be doing is standing up in the House and supporting the Canadian government when it says NAFTA must be respected.

\* \* \*

• (1420)

### THE ENVIRONMENT

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, when the Prime Minister does not have his package ready

Let me ask about another related issue on Canada-U.S. relations. For thirty years, governments of all partisan stripes have, for environmental reasons, opposed LNG tanker traffic through internal Canadian waters at Head Harbour, New Brunswick. The government has waffled.

Did the Prime Minister, and he should not look around, use the visit of the Secretary of State to inform her of the—

**Some hon. members:** Oh, oh!

**The Speaker:** Order, please. The right hon. Prime Minister now has the floor. We will have a little order please.

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, if I could beg your indulgence, given the tremendous exhibition of parliamentary decorum by the opposition, I was totally unable to hear the hon. member's question. Perhaps if his members could soften it a bit, we might well hear the question, if in fact one should hear it.

**Some hon. members:** Oh, oh!

**The Speaker:** I would urge all hon. members to listen to the pleas of the Prime Minister so we can hear the question. The Leader of the Opposition wants to ask his question and now we will hear the Leader of the Opposition and his question.

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Mr. Speaker, I would be happy to put the question again. Did the Prime Minister use the visit of the U.S. Secretary of State to inform her, finally, of our government's opposition to environmentally dangerous traffic through Head Harbour, New Brunswick?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, the government today, through the Minister of the Environment, had extensive discussions with the United States on a wide range of environmental issues, pointing out very clearly that we share a continent and that we have a responsibility to our respective populations to ensure that the environment of North America is protected and is as clean as it possibly can be.

\* \* \*

### PUBLIC SAFETY

**Mr. Peter MacKay (Central Nova, CPC):** More dithering confusion, Mr. Speaker.

Yesterday during Toronto rush hour traffic, another gunfight erupted. That is the third shootout in as many days, 40 since July. The Prime Minister cynically blames the Americans and links it to guns flowing across the border, yet less than two months ago the Deputy Prime Minister said there was no evidence of increased gun smuggling and that blaming the Americans is "simplistic".

*Oral Questions*

Gun battles are erupting almost daily and the Prime Minister and Deputy Prime Minister cannot shoot straight. Can the Prime Minister explain why he blatantly contradicts his public safety minister? Is it predictable pre-election posturing? Is it Liberal anti-Americanism? Or did he just read another poll?

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, the Prime Minister and I last evening had the opportunity to discuss the shared challenge of illegal guns with U.S. Secretary of State Condoleezza Rice. In fact, we had a very constructive discussion around the fact that it is a shared challenge. We are working together, but there is more that we need to do together. On all sides we have reconfirmed our commitment to do that work together.

\* \* \*

[*Translation*]

**SOFTWOOD LUMBER**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, yesterday the Minister of International Trade was not very clear in his response to the Bloc Québécois' questions on Canada's softwood lumber strategy. He said there was no question of negotiating what had already been determined in the NAFTA tribunal ruling, but he also said that a long term and durable agreement had to be negotiated.

Can the Prime Minister confirm to us that the long term agreement he referred to merely means a total return to free trade for softwood lumber?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, first of all, the Minister of International Trade is absolutely correct in saying we have no intention whatsoever of negotiating what we have already won. We will keep what we have gained.

As for the negotiations on other NAFTA-related matters, we will certainly be insisting on fair and equitable free trade.

• (1425)

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the Minister of International Trade was not talking about other matters, but about softwood lumber. If they want a total return to free trade, we need to point out that the federal government has been pressuring the provinces and the industry for the past two years to agree to a watered-down agreement, one that has been turned down by both the provinces and the industry.

Are we to understand that the long term agreement the Prime Minister refers to will not jeopardize the NAFTA rulings in any way?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, the hon. leader of the party opposite is making a fundamental mistake. We have never pressured any province whatsoever to negotiate a watered-down agreement.

Moreover, it is the Government of Canada that has insisted from the start, and continues to insist, that the Americans accept the victories we have won. We have no intention whatsoever of reaching some meaningless agreement just because someone does not accept the dispute resolution mechanisms.

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, in connection with the unjustified duties paid by softwood lumber exporters,

yesterday in the House the Deputy Prime Minister divided Canada's claim in two parts: first, \$3.5 billion on which a final ruling has already been made, and another \$1.5 billion on which a final ruling is apparently yet to come.

Why would the federal government divide the total amount in two when a ruling by NAFTA's highest tribunal on August 10 confirmed that the U.S. softwood lumber industry has not been adversely affected, thereby presumably freeing up the \$5 billion being unfairly retained at the U.S. border?

**Right Hon. Paul Martin (Prime Minister, Lib.):** Mr. Speaker, what the Deputy Prime Minister said is that we insist that the Americans accept and recognize NAFTA rules. She described them. We continue to insist that the Americans accept the NAFTA rules and deadline as negotiated 15 years ago.

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, the question was asked in order to find out why we are now talking about \$3.5 billion and not the total amount of \$5 billion.

How can the federal government justify its desire to negotiate on softwood lumber with our American neighbours again—this has been said many times—when there was a ruling, I will remind you, on August 10?

Will the government admit that court rulings are not negotiated, they are implemented?

**Hon. Jim Peterson (Minister of International Trade, Lib.):** Mr. Speaker, the Prime Minister and all of us have always said that NAFTA should be respected and that all the deposits should be given back to Canadians.

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, my question is for the Prime Minister.

He has already spoken with President Bush and Secretary of State Rice. However, the softwood lumber issue has in no way been resolved. His empty words have not been heard, and the industry is still waiting for assistance that is not forthcoming. The Prime Minister said that we have already won. What have we won? President Bush still has the \$5 billion.

It is time to set a deadline. Does the Prime Minister not agree?

**Hon. Jim Peterson (Minister of International Trade, Lib.):** Mr. Speaker, obviously, we have won this dispute. That is why we will do our utmost to ensure that the NAFTA provisions are enforced; we will also continue to bring this dispute before American tribunals; and we will also begin to take retaliatory measures.

We have already made representations to the President and other members of Congress. That is why we are seeking other markets for our softwood lumber.

[*English*]

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, everybody in the House agrees that the \$5 billion should be returned to Canada, but the problem is that the Bush administration is not listening. It does not respect NAFTA.

### Oral Questions

The Prime Minister calls it a win, yet the funds remain in the United States and the charges continue to apply. The communities and the individuals in this country are still hurting. How this can be described as a win is completely and utterly beyond me and most Canadians.

Is the Prime Minister now willing to admit that his empty words are not getting the respect, that he is simply being chided and scolded for his language, and it is time to—

• (1430)

**The Speaker:** The hon. Minister of International Trade.

**Hon. Jim Peterson (Minister of International Trade, Lib.):** Mr. Speaker, first, it is true that we won at the ECC, the highest panel in the NAFTA. Second, it is true that the United States has not returned the duties and has refused to do so. This is the reason we are taking action before the U.S. court of international trade. We invite all members of the House to join with us in saying that the NAFTA must be respected.

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### BORDER SECURITY

**Mr. Peter MacKay (Central Nova, CPC):** Mr. Speaker, in Canada it is more guns and more danger these days, yet border officials continue to work alone and unarmed. RCMP border policing has been cut back by closing detachments, first in Quebec and now in Saskatchewan and Manitoba.

Customs Canada figures now show that in the last 10 years, while the government increased head office personnel by a whopping 100%, it dedicated a measly 11% to border and regional offices. It is unbelievable.

How can the government justify starving the regions of resources, then hypocritically blaming the Americans and hanging border officials out to dry?

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, we have increased funding dramatically for the Royal Canadian Mounted Police. The RCMP in fact works as part of the integrated border enforcement teams, working with agencies at all levels on this side of the border and with its counterparts in the United States. In fact, that program is being evaluated right now, but so far has proven to be one of the most remarkable shared law enforcement border incentives that we have taken up in decades.

The CBSA is a new agency with new personnel and new resources, all committed to—

**The Speaker:** The hon. member for Langley.

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### THE ENVIRONMENT

**Mr. Mark Warawa (Langley, CPC):** Mr. Speaker, Sumas Energy 2 is a huge polluting power plant that the U.S. wants to build beside the Canada-U.S. border. It is equivalent to 336,000 vehicles idling 24 hours a day.

All local governments, the province of B.C. and the Conservative Party have continually fought against SE2 but not the Liberal government.

The Prime Minister did not stand up to the U.S. on BSE. He dithered on softwood lumber. He dithered on Devils Lake. He is now dithering on LNG tankers.

When will the Prime Minister finally stand up to the U.S. and say no to SE2?

**Hon. Stéphane Dion (Minister of the Environment, Lib.):** Mr. Speaker, the hon. member knows very well how much the government has worked on this issue. I have spoken with him often about it. He knows it is a very delicate issue. We are tackling it in a very reasonable way, as we have done on Devils Lake. It is very unfair that he would say that because his party has never cared about this issue. It has never said anything about it. The Government of Canada addressed this issue again with Madam Rice. We will find a solution in both cases.

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### DAVID DINGWALL

**Mr. Brian Pallister (Portage—Lisgar, CPC):** Mr. Speaker, the David Dingwall severance fan club has only one remaining member and it seems to be the revenue minister. The question is why. He knows there is no case to make for severance to be paid. He knows Dingwall exempted himself from the spending rules. He seems to agree that Liberals are still entitled to their entitlements.

Mr. Dingwall and the minister disagree on one thing. Mr. Dingwall testified that he spoke to the revenue minister about his entitlements. The minister has denied it in the House.

Is the minister calling David Dingwall a liar?

**Hon. John McCallum (Minister of National Revenue, Lib.):** Mr. Speaker, Mr. Dingwall indicated that it would be best for the Mint for him to resign and I did not agree.

On the question of his legal obligations, I said that this was a matter for the Privy Council Office. This is in the hands of the lawyers. It is a matter for the lawyers to determine subject to the Prime Minister's direction that they pay the legal minimum.

**Mr. Brian Pallister (Portage—Lisgar, CPC):** They are not responsible for the truth, the lawyers are, Mr. Speaker.

The government has still failed to provide the government operations committee with all of David Dingwall's receipts, and yet the whitewash Dingwall audit is due out tomorrow. One cannot audit expenses if one does not have receipts. The government has made about a zillion promises to Canadians that it would clean things up, but it has failed to take action. We all know that promises and press conferences do not stop corruption. Transparency does.

I would like to give the minister the opportunity to assure Canadians. Will he now assure Canadians that he will provide the public with evidence of all of David Dingwall's expenditures tomorrow?

*Oral Questions*

• (1435)

**Hon. John McCallum (Minister of National Revenue, Lib.):** Mr. Speaker, I am pleased to inform the House and Canadians that the audit performed by PricewaterhouseCoopers will be released tomorrow morning. All those in the House and across the country who are interested can observe it on the Mint's website.

The Mint has been subject to audit not only by PricewaterhouseCoopers, but also by the Auditor General. I am not sure that a third audit by the hon. member opposite would add much to the professionalism of those two entities.

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[Translation]

**SOFTWOOD LUMBER**

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, the American strategy on softwood lumber is to prolong the dispute by taking every possible legal recourse. In the meantime, our industry is struggling, since the \$5 billion that it paid in duties is sitting in a trust fund in the United States.

Why is the minister continuing to refuse to grant loan guarantees to these companies, which would prove that the Canadian government means business with regard to this trade dispute? That is what is missing from the Canadian position.

[English]

**Hon. David Emerson (Minister of Industry, Lib.):** Mr. Speaker, despite the rhetoric from the other side of the House, Canada is in a better position today to finally resolve this decades long dispute than we have ever been in our history. In terms of helping the softwood lumber industry, loan guarantees are one option, but there are other options. We are looking at our options. We will pick the best option in terms of the softwood lumber industry in Canada.

[Translation]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, in fact, loan guarantees are acceptable under the WTO and within the NAFTA framework, contrary to what some of these ministers are implying.

Why is the government not using this measure for the softwood lumber industry, since there are no legal restrictions preventing it from doing so and since this measure would cost the government very little? We have run out of time.

[English]

**Hon. David Emerson (Minister of Industry, Lib.):** Mr. Speaker, we understand that it is a complex issue. I am not sure that everybody in the business of protectionism, particularly on the U.S. side, would agree that loan guarantees are not countervailable. There are many issues, allegations of subsidies, allegations of dumping, that should not have a duty applied to them, but they do. We have to move forward with great care. We will pick the best option for our Canadian softwood lumber industry.

[Translation]

**Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ):** Mr. Speaker, the loan guarantees are allowed under NAFTA and the WTO. The Canadian government's position is far from clear,

obviously. The Americans are very much aware of the Canadian government's weakness and lack of resolve in the softwood lumber issue.

The Prime Minister does a lot of fist-waving but does not do anything. Does he realize that his refusal to help the companies with loan guarantees is a sign that the Canadian government's strategy is far from clear and that its position is all the weaker.

[English]

**Hon. David Emerson (Minister of Industry, Lib.):** Mr. Speaker, if there is a source of weakness in the Canadian position, it is the members opposite trying to divide Canada, trying to divide Canadians, and trying to divide one region from another instead of standing unified with the Prime Minister who has brought Canada to a better position on softwood lumber than we have been in our history.

[Translation]

**Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ):** Mr. Speaker, no one is trying to pit one region against another. No one is trying to weaken Canada's position. On the contrary: loan guarantees are the solution. We have been saying that all along and the government refuses to get it.

I will merely ask this of the government: How can it think that our U.S. neighbours can understand Canada's position and strategy when it cannot even provide a satisfactory explanation of them here in the House of Commons?

[English]

**Hon. David Emerson (Minister of Industry, Lib.):** Mr. Speaker, as I said, we are looking at options for how we will support the softwood lumber industry going forward. Loan guarantees is one option. There are other options. We will pick the best option for our softwood lumber industry.

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**TAXATION**

**Mr. Monte Solberg (Medicine Hat, CPC):** Mr. Speaker, the federal government's taxpayer-funded surplus will exceed \$30 billion over the next three years. Meanwhile, gas and heating costs have shot up, inflation is spiking—

**Some hon. members:** Hear, hear!

**Mr. Monte Solberg:** They are applauding the overtaxation of \$30 billion. Inflation is spiking, interest rates are rising, manufacturing jobs are disappearing and worker take-home pay has not gone up in 12 years.

The government is very good at ensuring that money gets to its friends and that its friends get their entitlements. When will workers get to keep more of their own money? When will they get their entitlement?

*Oral Questions*

● (1440)

**Hon. Ralph Goodale (Minister of Finance, Lib.):** Mr. Speaker, as the opposition knows, the government has cut taxes in every budget since we balanced the books in 1997. That tally now exceeds \$100 billion. We will continue in that trend when we know that it is secure and safe to do so. Over that same period of time, Canada's unemployment rate, compared to when the Conservatives were in office, has dropped from 11.2% to 6.7%, the lowest level in 30 years. The unemployment gap between Canada and the United States has dropped from 3.8% to—

**The Speaker:** The hon. member for York—Simcoe.

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**JUSTICE**

**Mr. Peter Van Loan (York—Simcoe, CPC):** Mr. Speaker, it seems that as drug crime is on the rise, grow ops and crystal meth spread, and gun murders escalate, the government has lost any ability to keep our streets and communities safe.

The Toronto Board of Health is supporting the Liberal government's direction to encourage drug use. The board is now proposing to hand out crack pipes and potentially set up municipally run crack houses. Residents are understandably upset at this proposal to promote the drug culture in their neighbourhoods.

How does the government propose to respond? Or will it be the same response as on gun crimes: stand dithering on the sidelines?

**Hon. Irwin Cotler (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, we respond in the way that the community would expect us to respond, which is to protect the safety of the community, to protect the security of citizens, and to have drug treatment courts, which have proven to be a model and are used internationally. We respond by having a law enforcement strategy in cooperation with the provinces and the municipalities, which is a model for federalism and combating drugs.

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**THE ENVIRONMENT**

**Mr. John Reynolds (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC):** Mr. Speaker, in 1974 the federal Liberal government signed a 71-year lease with the Squamish First Nation and promised to build the Pacific Environmental Centre. The annual rent for that unoccupied land now exceeds \$6 million. The rent over the last 30 years on this now toxic property approaches \$100 million. This is more Liberal waste, incompetence and another terrible burden on Canadian taxpayers.

My question is for the environment minister. Why are the Liberals continuing to pay rent on this vacant land?

**Hon. Stéphane Dion (Minister of the Environment, Lib.):** Mr. Speaker, a contract was signed in the 1970s. It will have to be honoured until 2045. The fact is that the site is contaminated. We discovered that in the 1990s. We have started to decontaminate the site and we are working with the first nations to create a good plan to develop it.

**Mr. John Reynolds (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC):** Mr. Speaker, they bought the site in the 1970s and they discovered it is toxic in the 1990s. It took 20 years to

discover that. The cost to the taxpayers on this land by the end of the lease is going to exceed \$1 billion; \$1 billion for a piece of empty land. The government never learns. It will never admit to making a mistake and it is compounding a mistake it made over 30 years ago.

When will the Liberals take some action to plug this hole and save the Canadian taxpayers \$1 billion?

**Hon. Stéphane Dion (Minister of the Environment, Lib.):** Mr. Speaker, the hon. member understood when he was saying that the Government of Canada, this Liberal government, acted very quickly since it discovered the contamination in the 1990s. We have started to decontaminate it.

As Minister of the Environment, I want to continue the decontamination. I want to have something done with this site that will be productive for the community. I hope he will help with that instead of giving false numbers that may worry everyone.

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**PUBLIC WORKS AND GOVERNMENT SERVICES**

**Mr. David McGuinty (Ottawa South, Lib.):** Mr. Speaker, the Minister of Public Works, as part of budget 2005, produced a sweeping strategy to improve federal procurement. On the whole, the vision is timely. It should improve management and save money, but some are concerned about the impacts these changes will have on small business. Some 65% of Canadian jobs and 75% of job growth comes from small business.

Could the minister explain to the House how his new small business office will assure that small businesses fully participate in federal government procurements?

● (1445)

**Hon. Scott Brison (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, we are making it easier for Canada's small business community to do business with the Government of Canada. I am pleased to announce that our office of small and medium enterprises is working closely with the small business community to streamline and simplify the government procurement process.

We are tearing down the barriers between government procurement and Canada's small business community because we want Canada's small business community to be a partner in progress with Public Works and the Government of Canada to get the best possible value for the Canadian taxpayer.



### HEALTH

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Mr. Speaker, I have just returned from Kashechewan where a humanitarian tragedy is unfolding. Health Canada did nothing to protect this community from eight years of contaminated water. Health Canada did nothing to help federal nurses who had to haul river water in buckets to their clinic. And now, in the aftermath of the E. coli outbreak, this defenceless community is facing threats from hepatitis A and hepatitis B.

My question is for the health minister. What will it take to have him stand in the House and finally say that yes, there is an emergency on the James Bay coast?

**Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.):** Mr. Speaker, I can assure the House that the government takes this situation very seriously and the Minister of Health specifically is very concerned with this issue. Today he has representatives on site evaluating the situation in the community. They will be making recommendations to him and to the government as to the best ways to proceed.

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### TOURISM

**Mr. Brian Masse (Windsor West, NDP):** Mr. Speaker, seriousness means a commitment from the government on the James Bay right now. That is the seriousness of that issue that has to be fulfilled.

I want to talk about another issue right now that Liberals have waited on. It is the western hemisphere initiative that is going to require Canadians and Americans to have passports to move between our countries. This is going to have devastating impacts on the economy and also tourism in Canada.

I want to ask the Prime Minister, why has he been silent in this case when Governor George Pataki has spoken out, Governor Bush has spoken out in Florida, as well as Hillary Clinton and the President? Other Canadian representatives have also spoken out on this issue. Why has the Prime Minister taken a vacation on our tourism industry?

**Hon. Anne McLellan (Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, let me reassure the hon. member that we have been discussing this issue with our American counterparts from the moment Congress indicated that it wanted such a legislated response in relation to biometric secure identity documents.

In fact, the Minister of Foreign Affairs has taken this matter up with the secretary of state. I have talked to my colleague, Michael Chertoff, about this. Our officials are working with U.S. officials in the department of homeland security. Clearly, we want a solution that works for both sides of the border. We have indicated our deep concern, as have others, with this initiative if it is to go ahead.

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### HEALTH

**Mr. Jim Prentice (Calgary Centre-North, CPC):** Mr. Speaker, Canadians have been horrified by Kashechewan. They are appalled

### Oral Questions

that this government could spend \$2.5 billion and yet fail to provide aboriginal Canadians with safe drinking water.

The focus now is Gull Bay, Ontario, where the department three years ago spent \$5 million on a new water treatment plant, designed by an out of town consultant, and paid for by the out of town government. The plant does not work. It will never work because the minister's department forgot to secure the necessary provincial approvals to operate it.

When will the Prime Minister take action and provide our first nations with safe drinking water?

**Hon. Andy Scott (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, Lib.):** Mr. Speaker, the hon. member can describe this in whatever way he wants. The reality is that as soon as the community and the province that inspects the water treatment facility come to terms, we will be able to operate it.

**Mr. Jim Prentice (Calgary Centre-North, CPC):** Mr. Speaker, it sounds as though no one is responsible at the department of unlimited spending and diminished expectations.

Yesterday the Prime Minister admitted that the living conditions at Kashechewan were abhorrent. They are so abhorrent that his action plan is to have a meeting sometime with the minister. That is it, a meeting. The government spends \$2.5 billion, 12 years pass, and it offers a meeting.

Canadians have served in the Third World providing water purification units. Why have we abandoned aboriginal Canadians?

**Hon. Andy Scott (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, Lib.):** Mr. Speaker, obviously the situation is unacceptable. I visited the community last Wednesday. I met with the chiefs and residents. We are taking actions that are necessary. We will fix the situation in Kashechewan.

● (1450)

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Mr. Speaker, the health minister declared that medical benchmarks in five areas will soon be in place. We now know that benchmark targets are not going to be met. We also know that the minister's weasel words are not going to trick the Supreme Court. We know that the wait time crisis has occurred under the Liberal government and the Supreme Court will soon be forced to step in again while the government dithers.

Will the minister admit that the Liberal dithering on benchmarks is undermining the Canada Health Act and the entire health care system?

**Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.):** Mr. Speaker, obviously the member has consulted the oracle on eventual decisions of the Supreme Court. They would not be in line with any decisions that have been taken to date.

### Oral Questions

The Prime Minister met with his provincial colleagues last year. They negotiated a deal that invested another \$41 billion in health care over 10 years. It includes an inflation clause within the deal.

Part of the commitment by the provincial governments is that we have benchmarks in five strategic areas. They have recommitted to that over the weekend. We will have those benchmarks for all Canadians.

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Mr. Speaker, the Liberal government's policies are undermining the Charter of Rights and Freedoms. Benchmarks are not a political issue; they are a medical issue. The medical profession knows how long patients can safely wait before risks begin to arise.

The Wait Time Alliance has produced an entire range of benchmarks in key areas. There is no reason why a complete set of benchmarks cannot be in place by December 31. There is enough evidence to implement all the promised benchmarks by the year's end.

Why then does the minister refuse to accept the advice of the medical community?

**Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.):** Mr. Speaker, the minister is very happy with the advice from the Wait Time Alliance. He has met with representatives personally, as has the Prime Minister. I was present at that meeting. We are in discussions with the provincial governments, as agreed to last year, for evidence based benchmarks in all five areas that were designated as critical. We will achieve that by December 31.

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[Translation]

### HUMAN RESOURCES

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Mr. Speaker, since 1994, the government has taken \$48 billion from the unemployed. Today, as it announces a measly \$300 million for temporary pilot projects for all of Canada, it thinks the jobless have a reason to celebrate. They should not expect any thanks for doing such a thing.

Does the Minister of Human Resources and Skills Development really think that a temporary measure of this kind will be enough to undo the injustice she and her government have caused to the unemployed?

[English]

**Hon. Belinda Stronach (Minister of Human Resources and Skills Development and Minister responsible for Democratic Renewal, Lib.):** Mr. Speaker, I am very proud of the programs that we have put forward recently to address the needs of seasonal workers. The programs that the member opposite is referring to are the pilot programs. One in particular is the best 14 weeks, which I would like to announce is on track to being on October 30. In addition to that, we have made about \$2.5 billion worth of annual improvements to the EI program to be responsive to the needs of Canadian workers.

[Translation]

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Mr. Speaker, the minister should refrain from saying she is proud since the temporary measures proposed by the minister totally ignore the entire problem of access by young people and women to the system. Furthermore, these measures also continue to exclude nearly 55% of the unemployed who have paid their contributions. They also ignore older workers who have been victims of massive layoffs, as well as self-employed workers.

When will the minister realize that the system needs an overhaul, not a whole series of temporary measures that maintain the inequities I have described in the current system?

[English]

**Hon. Belinda Stronach (Minister of Human Resources and Skills Development and Minister responsible for Democratic Renewal, Lib.):** Mr. Speaker, I would like to clarify what the member opposite has said. Those are not temporary measures. They are pilot programs which are used to evolve the EI program to be more responsive to the needs of Canadian workers. The EI program demonstrates that about 84% have access to the EI program for temporary income support when they need it.

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### NATIONAL DEFENCE

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** Mr. Speaker, in the just released flight safety report into the Griffon helicopter crash that killed two pilots, the director of flight safety states the following, "It is strongly felt that the practicality of continuing to safely operate the CH-146 fleet with this damage intolerant tail rotor in field conditions in which the Canadian Forces normally operates is highly questionable".

The Minister of National Defence assured this House last week that the Griffon helicopters were safe. Why is the minister needlessly endangering the lives of the Canadian pilots?

• (1455)

**Hon. Bill Graham (Minister of National Defence, Lib.):** Mr. Speaker, as I suggested to hon. members in the House last week, and which is always the truth, the fortunate thing about these reports is it enables us to address these problems. That is exactly what has taken place. We have taken the measures that are necessary to ensure the safety of the Griffon fleet.

Hon. members should know that the helicopter is in use by 29 other militaries and 116 civilian operators around the world. None of those militaries and civilian operators want to put their personnel in harm's way. We do not either. We are working with the industry. We have a fix to this solution and we will make it work for our members.

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** Mr. Speaker, the minister has been sitting on the Rescue 420 Final Accident report since June 24 of this year. Prior to the crash that killed Captains Sonosky and Mackenzie, there had been six tail rotor blade failures on the 412 Bell series of helicopters similar to the accident that killed those pilots. Yet with this knowledge, the minister has expanded the use of Griffon helicopters for search and rescue.

*Oral Questions*

Why is the minister needlessly endangering the lives of Canadian pilots?

**Hon. Bill Graham (Minister of National Defence, Lib.):** Mr. Speaker, I think the hon. member knows, because she is familiar with the way in which the military works, that the minister does not order helicopters into the air. The air crews and forces that are responsible for operating those helicopters order them into the air, and they only order them into the air when they are safe and when they are doing the job that they are called upon to do.

It is totally erroneous to suggest to the House that they are being put out there needlessly and unsafely. They are not. That is not a correct assumption. Thank heavens we have these inspections and these safety boards which allow us to come to terms with accidents, and we will deal with them in the appropriate way.

\* \* \*

[*Translation*]

**SEASONAL WORKERS**

**Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.):** Mr. Speaker, workers in seasonal industries have been calling on our government for help in coping with cyclical unemployment. I know that the Minister of Human Resources and Skills Development will soon be announcing measures that will increase our government's support to seasonal workers in the regions most affected by this situation. It is regrettable that the Conservatives are showing their disdain for seasonal workers by publicly downplaying the impact of these new measures.

Can the minister reassure the seasonal workers on how important this issue is to the government?

[*English*]

**Hon. Belinda Stronach (Minister of Human Resources and Skills Development and Minister responsible for Democratic Renewal, Lib.):** Mr. Speaker, I am pleased to report that we are on track to begin the EI pilot program to address the needs of seasonal workers, the best 14 weeks pilot program, on October 30.

This is a good program. It was designed to respond to the special needs of seasonal workers and those with sporadic work conditions. It shows how we are evolving the EI program to be more responsive to the needs of seasonal workers and Canadian workers. In fact, we have made improvements of over \$2.5 billion annually in recent years.

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**GOVERNMENT APPOINTMENTS**

**Mr. Gary Lunn (Saanich—Gulf Islands, CPC):** Mr. Speaker, the government seems to think that it is entitled to break its own rules whenever it is in its interest to do so. Last year the President of the Treasury Board made an announcement for a new merit based appointment process for CEOs, directors and chairs of Crown corporations. Yet we learned yesterday that in the process to seek a new chair for the Mint, it did not follow its own selection criteria. This is just another example of how the government fails to follow its own process. It is the same old games from the government.

When will the government stop trying to make new rules when it will not even play by its own rules?

**Hon. John McCallum (Minister of National Revenue, Lib.):** Mr. Speaker, the chair elect of the Mint has been before the parliamentary committee. He has answered all the questions that have been put to him. A little more politeness and decorum on the part of certain committee members would have been appreciated by him and I believe by the public. However, this has followed the process as set out by the rules.

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**QUEENSWAY CARLETON HOSPITAL**

**Mr. Pierre Poilievre (Nepean—Carleton, CPC):** Mr. Speaker, the Queensway Carleton Hospital sits on NCC land and the Liberals are charging it rent. Worse yet, the Prime Minister is planning a multimillion dollar rent hike.

There is good news, though, this week. Ontario Liberal health minister, George Smitherman, signed our petition to oppose the Prime Minister's rent hike.

Provincial Liberals oppose the Prime Minister's rent hike, so does the NDP, and the Conservatives are leading the way to stop the rent hike from happening at all.

Why will the Prime Minister not back down and give the hospital its land for \$1?

● (1500)

**Hon. Reg Alcock (President of the Treasury Board and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, the member knows that this question has been debated many times. The reality is I am a little uncertain what the policy is of the members on that side of the House. Are they saying the government should not expect fair market value for the agreements it enters into? Is that the position they are putting forward on the part of their party?

The reality is a policy has been in place, which is replicated in governments across the country, that when we make a commercial arrangement with an organization, it pays the commercial price.

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[*Translation*]

**CANADA COUNCIL FOR THE ARTS**

**Mr. Maka Kotto (Saint-Lambert, BQ):** Mr. Speaker, the Canadian Arts Coalition, which represents a broad range of artists and organizations, is calling on the Liberal government to increase annual funding for the Canada Council for the Arts to \$300 million, an increase equivalent to \$5 per person.

Does the Minister of Canadian Heritage intend to grant the coalition's request? This would represent an increase in the income of artists, crafts people and cultural workers, thereby minimally improving the miserable and precarious conditions in which many of them live.

*Government Orders*

**Hon. Liza Frulla (Minister of Canadian Heritage and Minister responsible for Status of Women, Lib.):** Mr. Speaker, I want to go back a bit. In its latest budget, the government allocated \$950 million, almost \$1 billion, or \$125 million over five years, to the Canada Council for the Arts. This is the largest investment ever by any government in the history of Canada.

The Canada Council will celebrate its 50th anniversary in 2006-07. We intend to assume our responsibilities. In the meantime, I will remind my hon. colleague that his party voted against the budget, and therefore against artists and the arts.

\* \* \*

[English]

**HEALTH**

**Ms. Ruby Dhalla (Brampton—Springdale, Lib.):** Mr. Speaker, according to the World Health Organization, the risk of pandemic influenza is a serious one. We have heard reports of avian flu infecting birds in Asia and Europe.

Canada and the Prime Minister have shown leadership in this area by organizing an international meeting to address global pandemic planning. Could the Parliamentary Secretary to the Minister of Health please inform the House about the objectives of this very important conference?

**Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health, Lib.):** Mr. Speaker, the Minister of Health has the honour and the privilege to host an international meeting of some 30 countries, health ministers, technical experts and five world organizations representing all areas of the globe, to look at how we can cooperate to prevent or deal with a potential or eventual pandemic in Canada.

Canada takes its role of working internationally to such a high extent that the Prime Minister addressed the group this morning. We want to replicate internationally what we have been able to do within Canada.

Within Canada we work collaboratively with the provinces to ensure that we are the best prepared country.

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**TAXATION**

**Mrs. Bev Desjarlais (Churchill, Ind.):** Mr. Speaker, while the Prime Minister was the finance minister the northern allowance tax credit for most of northern Manitoba was cut in half in an arbitrary decision that made no sense. The allowance for Grand Rapids was cut completely. Communities in Quebec as far south as Winnipeg receive a full northern allowance.

At a time when increased fuel costs are having grave impacts for all Canadians, those in remote and northern areas are hit even harder.

Will the government now move to right a wrongful decision and implement the full tax credit?

**Hon. Ralph Goodale (Minister of Finance, Lib.):** Mr. Speaker, as the hon. member probably knows, the decision with respect to the northern allowance a number of years ago was based upon an independent analysis that was undertaken at the time to remove a whole variety of inconsistencies and anomalies in the law that

existed then. The new regime was based upon recommendations of the task force.

The preference of the government going forward is to try to reduce the tax burden of Canadians generally and thereby improve the disposable incomes of all the citizens of our country.

**GOVERNMENT ORDERS**

● (1505)

[English]

**EXPORT AND IMPORT OF ROUGH DIAMONDS ACT**

The House resumed consideration of the motion that Bill S-36, An Act to amend the Export and Import of Rough Diamonds Act, be read the second time and referred to a committee.

**The Speaker:** Before the House broke for question period, the hon. member for Vancouver Island North had the floor for questions and comments and there remains five minutes in the time allotted for questions and comments on his speech.

Order, please. Questions and comments. Resuming debate, the hon. member for Sherbrooke.

[Translation]

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, in the context of the bill before us concerning the Export and Import of Rough Diamonds Act, I would like to begin by noting that it is often said that diamonds are forever. As a result, diamonds become a symbol of eternal love. Indeed, all of the ladies in this House, our colleagues, surely enjoy receiving a diamond as a token of love, but most certainly not a diamond produced by the atrocities of war.

It is in this context that Bill S-36 proposes certain amendments of a basically administrative nature to the Export and Import of Rough Diamonds Act.

Essentially, Bill S-36 will have two effects. First, it will authorize the government to compile and distribute data on international trade in diamonds. The adoption of this amendment, which would make the diamond trade more transparent and easier to control, is necessary for Canada to remain in compliance with its international obligations pursuant to the Kimberley process.

Second, it will remove a formality associated with the Kimberley process as regards very small diamonds less than one millimetre in size. In number and in weight, the great majority of the diamonds dealt on the market are tiny. They are not used just to make jewellery, but have more of a utilitarian function. They are to be found, for example, in turntable needles—less and less so, I am told—in watchmaking or in certain industrial knives.

Unlike large diamonds whose scarcity makes their price exorbitant, these diamonds are of no great value, and the administrative burden associated with the Kimberley process can be prohibitive. This proposed amendment will facilitate the diamond trade and is good news for the industry.

I might mention that Canada recently became the world's third largest diamond producer. In Quebec, even though no diamond mine is yet active, seven mining companies hold licences on such mines, basically in Abitibi, Témiscamingue and the Northwest. Deposits of kimberlite, the ore in which diamonds are found, have been discovered in five sub-regions of Quebec.

The Bloc Québécois is not opposed to this new flexibility in principle, but it intends to ensure, in the course of review in committee, that it will not be introduced to the detriment of achievement of the objectives for which the act was passed, that is, the establishment of fairly tight control so as to prevent trade in conflict diamonds.

Allow me to quote Mr. Ian Smillie of Partnership Africa Canada who said:

In 2000, the international diamond industry produced more than 120 million carats of rough diamonds with a market value of US\$7.5 billion. At the end of the diamond chain this bounty was converted into 70 million pieces of jewelry worth close to US\$58 billion.

Of total world production, rebel armies in Sierra Leone, as well as in Angola and the Democratic Republic of Congo (DRC), are estimated by De Beers to traffic in about 4 per cent. Other estimates place the number higher. Although not a significant proportion of the overall industry, four per cent of \$7.5 billion—or whatever other estimate one might use—can buy a lot of weapons.

The Export and Import of Rough Diamonds Act ensures that Canada is in compliance with the Kimberley process, an international agreement which has established a process for certifying the origin of rough diamonds. The Kimberley process is basically designed to limit the trade in conflict diamonds, which are sold by armed factions to finance their wars. Because they are small and highly valuable, the diamonds are easy to market and can be very profitable.

• (1510)

In the 1980s, this trade was a veritable scourge, and a major component in the funding of wars that displaced about 10 million people in Sierra Leone, Liberia, Angola and the Democratic Republic of Congo, to name just a few.

At first, only a few NGOs were concerned about these conflicts and were critical of the lucrative diamond trade that bankrolled them. In 2000, the UN published a report on the funding of the war in Angola, confirming everything that the NGOs had been proclaiming for years: the diamond trade was being used to finance the war.

Also in 2000, the RUF, the Revolutionary United Front, an armed faction in Sierra Leone, stepped up its attacks on civilians, making Sierra Leone the country with the largest number of displaced persons in the world.

With these two events, the African conflicts and their link to the diamond trade left the back pages and made the headlines.

That is when the countries and the companies that produce diamonds began to get involved. The moment that diamonds become synonymous with war, rape and murder and not with dreams, wealth and eternal love, they lose their core value.

Responding to the invitation of two NGO groups, Global Witness and Partnership Africa Canada, 37 countries and the principal diamond merchants agreed to sit down together with the NGOs to

find a solution to the problem. The first meeting was held in May 2002 in the city of Kimberley, South Africa: hence the name the Kimberley process.

At the end of a series of meetings, they agreed that the best way to civilize the diamond trade was to put in place a system for certifying the origin of diamonds. Under this system, all diamonds exported from a country participating in the Kimberley process must be placed in a sealed container and accompanied by a government-issued certificate of authenticity called a Kimberley certificate. Importing countries that are participants in the Kimberley process may import only diamonds that are accompanied by this certificate. They may trade in diamonds only with participating countries.

Today the Kimberley process has 45 participants, including the European Union and its 25 members, for a total of 69 countries. These countries account for 99% of the legal international trade in diamonds.

To the NGOs who started this initiative and succeeded in transforming an awareness campaign into binding rules of international law, the Bloc Québécois says: well done. Without taking anything away from the other NGOs who have joined the movement and made it the success that it is, the Bloc Québécois wishes to specifically salute the work, clear-sightedness and tenacity of the two NGOs who got this initiative under way, Global Witness and Partnership Africa Canada.

It is necessary to proceed with amendments to the Export and Import of Rough Diamonds Act. From the outset, the Bloc Québécois has demonstrated keen support for the Kimberley process. In the fall of 2002, it lent immediate support to the bill on the export and import of rough diamonds, Bill C-14, which was intended to bring Canadian practice into compliance with the Kimberley process.

The Bloc Québécois continues to support the Kimberley process and will support the initiatives to make it more efficient and effective. Many of the amendments contained in Bill S-36 are the product of the discussions of the plenary session of Kimberley process participants held at the Lac-Leamy Hilton in Gatineau in 2004. Their adoption is necessary for Canada to remain in compliance with the Kimberley obligations. Most of the amendments in Bill S-36 are in fact designed to facilitate application of the process.

For these reasons, the Bloc Québécois supports Bill S-36 in principle and will vote in favour of it at second reading.

• (1515)

However, there are many shortcomings in Bill S-36.

Bill S-36 was introduced before Parliament could do a serious review of the current control mechanism. The Export and Import of Rough Diamonds Act requires the government to carry out a complete review of the operation and effects of the act three years after its coming into force and submit a report to Parliament.

*Government Orders*

Next January, the act will have been in effect for three years. The government will therefore submit a complete review of it, its operation and weaknesses, by January. By that time, Bill S-36 will probably have already been passed, if that is the wish of the House of Commons. In fact, some of these provisions must be in effect before next January 1 in order for Canada to remain in compliance with the Kimberley process and be able to continue exporting diamonds.

This way of doing things, in which the government starts by introducing amendments to the act and only afterwards tells us about the weaknesses in it is not a normal way of proceeding. The government is in a minority situation and can no longer permit itself to think that a majority of the members of the House are at its command and will pass anything that it proposes, even without having the requisite information.

The Bloc Québécois expects the government to issue its review of the Export and Import of Rough Diamonds Act and submit it to Parliament before Bill S-36 is considered in committee. However, even under Bill S-36, Canada is content with the minimum obligations under the Kimberley process. This process sets forth a series of minimum obligations that the participating countries must meet. Exported diamonds must be placed in sealed, tamper-resistant containers. The certificates of authenticity must contain certain information: the origin of the diamonds, the identity of the merchant, the total weight of the lot in carats, and so forth.

In regard to the Export and Import of Rough Diamonds Act, Canada decided to content itself with meeting the minimal obligations under the Kimberley process, even though it was free to go further. For example, in the information required on the Kimberley certificate, Canada is content to require the total weight of the lot. However, 20 ten-carat diamonds are worth 30 times as much as 400 diamonds of only 0.5 carats, even though both lots add up to 200 carats.

At present, an importer can very easily buy a lot of small diamonds on the legal market, replace them with large stones bought cheap on the black market, then sell them again with no problem, since his Kimberley certificate does not contain the information that could be used to spot the swindle. This dishonest importer will be able to make an enormous profit, while at the same time laundering an entire lot of conflict diamonds.

Has this in fact happened? We cannot know. What we do know, however, is that in 2003 Canada imported rough diamonds valued at \$703,820, from India. It exported nearly \$200,000 worth of them to the same country. The import value per carat was \$162; the export value was \$392. While this may simply be explained by the return of undesired gems of great value, or by exports unrelated to the imports, there might also be something fishy going on here.

If the Canadian certificate contained certain optional information provided for in the process, such as the number of stones over two carats in size, this sort of stratagem would no longer be possible.

The Bloc Québécois is counting on the committee hearings to see if it might be possible to make the act more effective.

The real weakness of a Kimberley process is the lack of resources dedicated to control in the poor countries and the lack of assistance the latter are being offered by the rich countries.

● (1520)

The participating countries have all had to pass legislation to bring their trade practices into line with the requirements of the process. Unfortunately, controls are lacking. The state apparatus is often disorganized, and civil servants who are underpaid, or not paid at all, are vulnerable to corruption. In conclusion, even the most perfect system on paper cannot function if it does not have the necessary resources.

For example, in 2003 the Congo was suspended from the Kimberley process because its civil servants had issued certificates representing two and a half times the country's diamond production. Clearly, many of those diamonds were from neighbouring conflict-ridden countries, probably the Democratic Republic of Congo.

The Congo was caught out, but how many other countries serve as transit routes for conflict diamonds from the Congo, Côte-d'Ivoire, Burundi or elsewhere? What is urgently required is a substantial increase in international aid to permit states to function as they should.

Furthermore, it is not by chance that wars are going on mainly in the poor countries. Where the population is living in the most abject poverty, the ground is fertile for the creation of armed factions and the onset of civil war. Even if Canada were to pass the best law in the world on the diamond trade, it would not stamp out the problem—not without a substantial boost to its international aid envelope.

In 1993, when the present Prime Minister became Minister of Finance, Canada was allocating 0.43% of its GNP to international aid, making it the sixth most generous donor in the OECD. When he left the Department of Finance in 2002, Canada was allocating only 0.23% of its GDP and had slipped to 17th out of a total of 29. At its current pace of increase, Canada will not achieve the UN target—which however it has accepted—of 0.7% of GNP for international aid until 2033.

The government can boast of its role in the Kimberley process, but not until it is a serious contributor to the war on world poverty can it say that it is playing a role in conflict pacification.

We must take inspiration from the Kimberley process to promote equitable globalization. In the commercial realm, the Kimberley process is a remarkable innovation. It introduces considerations other than commercial and economic ones into the trade rules. The NGO campaign has been such a success that it has become indecent to oppose it, to the point that the WTO had to amend its rules in January 2003, barely four weeks after the Kimberley process came into effect.

The amendments to the WTO rules allow member states to ban the import of conflict diamonds. Their rules do not, however, allow restrictions on the importing of products manufactured by children or by prisoners of conscience in labour camps or virtual slaves exploited in factories where basic labour rights do not exist, nor those produced with total lack of concern for environmental destruction.

*Government Orders*

For years now, the Bloc Québécois has been calling for the government to propose the inclusion of such humane, social and environmental considerations in trade agreements. For years now, the government has demurred, on the pretense that these non-trade considerations have no place in trade agreements.

Had that logic prevailed in connection with conflict diamonds, the Kimberley process would be illegal according to WTO rules. When will we see a Kimberley for child labour? For forced labour? For environmental destruction and the forced displacement of aboriginal nations?

The proposed amendments will, of course, be examined in committee. As I have said, we are favourably disposed to them but there is still much room for improvement.

• (1525)

[English]

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, I just wanted to comment on the review of the act and why we are doing these two minor amendments now. First, the member is right in that there is a review of the act coming. I appreciate the work the Bloc has done and for some interesting thoughts for amendments that we might put in.

We have to take care of things where we are out of step now with the international community. The scheduled review of the act is going to occur in 2006 and any change to this will also be influenced by the review of the Kimberley process certification scheme which is also going to occur in 2006.

Since the recommendations from the scheme review are expected to be only approved at the plenary in late 2007, any changes required to the process by this review and by extension to Canada's act would be delayed until 2008. Given this timeframe it is imperative that we make these amendments right now.

We want to demonstrate that we have taken the necessary steps to meet the requirements of the process by the next plenary meeting expected to occur this year. Non-compliance with the process could jeopardize Canada's participation in the international scheme.

As the member suggested, we are just making two minor amendments. One would allow us to publish our statistics and we are eliminating the very tiny diamonds that are valued in cents.

If we are not in compliance with the scheme as set internationally, it jeopardizes our participation in the scheme. Considering that well over 99% of the countries involved in diamonds are in this scheme, it could jeopardize our status until the changes I mentioned occur in 2008 and put in great jeopardy a \$2 billion industry in Canada and the related 4,000 jobs.

In that all the parties that have spoken have expressed their support and in that they are minor administrative amendments, I would hope that we could get on with this very quickly. I definitely appreciate the comments the member made about other improvements that we could look at. We will certainly have those in the record as we do the entire review of the act that is proposed for 2006.

• (1530)

[Translation]

**Mr. Serge Cardin:** Mr. Speaker, as stated, we are indeed in favour of the proposed amendments, given the need for them.

When something is brought to our attention, the government has a responsibility to react to it. The old saying goes "It's a tough nut to crack" but we still ought to require further controls.

Compliance with the Kimberley process does not require much of us, but there are still some loopholes. It is still possible that we may, unwittingly and indirectly, be contributing to war somewhere on this planet, and this cannot be allowed.

As I said, diamonds are forever. What also makes them so valued and valuable is that they are often tokens of love. There may be little conflicts among lovers, but in a world view we cannot allow diamonds to encourage conflict, wars and deaths.

We will have an opportunity in committee to hold discussions and ask the government to provide the Act to amend the Export and Import of Rough Diamonds Act with more teeth.

[English]

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Mr. Speaker, I am pleased to speak to Bill S-36, an act to amend the export and import of rough diamonds act. The act would serve to help us meet our commitments under the Kimberley process certification scheme.

I would like to say at the beginning that in this corner of the House we are in favour, in principle, of the bill moving forward but we are hoping at the committee stage there will be an examination of this important legislation, perhaps looking at the potential for improving it.

[Translation]

As the member for Sherbrooke mentioned, we are a bit concerned about the fact that the act in general will be reviewed in 2006. We are therefore making changes to the act, as proposed by this bill, even though we will not have the opportunity to review it until next year. This seems like a rather difficult procedure.

That being said, even if the process is of some concern to us, we are fully in favour in principle. There is no doubt about that.

[English]

I would like to go back to the principles of the Kimberley process and give a bit of the history of that process. The issue of blood diamonds, or les diamants du conflit, is something that has been a front and centre conflict, particularly in Africa, over the past decade. It was in 2000 that the first actions were taken to deal effectively with this issue of how to, in some way, cull or prevent blood diamonds from being distributed around the world and helping to fuel those conflicts.

A little later in my presentation I will outline the impact of the blood diamond trade on some of these civil wars. It has had absolute horrific results for the populations in these African countries. However for the moment I will just trace the history of it.

*Government Orders*

It started in July 2000 when the International Diamond Manufacturers Association and the World Federation of Diamond Bourses sat down at the World Diamond Congress in Antwerp and first started to address the issue of blood diamonds and how to create an environment where these diamonds were not trafficked and marketed in other countries such as Canada. That led to the formation of an active process and, as we know, we had 43 participants, including members of the European Community, who were part of the negotiations that led to the Kimberley process implementation. Canada chaired that process, which undoubtedly was important because it started to resolve the issue of blood diamonds and the impact of blood diamonds on these horrific civil wars.

As a result, we had a process that was implemented. We had a working group chaired by Canada and that process led to the creation of these voluntary standards that have now been put into place.

I will say that we are not talking about a perfect process. A little later on this afternoon I will mention some of the weaknesses of the existing process. However the process is undoubtedly better than what existed before, which was absolutely nothing to prevent the trafficking of these diamonds.

The issue really has to do with the impact the diamond trade had on the civil wars in Africa. I would like to mention four particularly horrific conflicts where very clearly blood diamonds sustained those conflicts and led to even further loss of life and further atrocities than what otherwise might have been the case.

What has often been cited is the Liberia Civil War which started in 1989, went through to 1997 and then started up again in 2000 and went until 2003. During this bloody dictatorship and the civil war that followed, about 200,000 people were killed and about one million civilians were displaced. That civil conflict was fueled by blood diamonds.

Second, the Angola Civil War started in 1975, after Angola acceded to independence and went right through to 2002, in other words, over a 30 year period. Some 500,000 people died, hundreds of thousands were displaced and thousands of civilians in Angola and combatants were maimed. The main rebel group in Angola, UNITA, controlled 70% of the diamond mines and that allowed for hundreds of millions of dollars in revenue coming into UNITA to actually sustain that civil war and the war effort. I will come back to Angola in a moment because I think here is a case where blood diamonds fueled that conflict and contributed to the appalling loss of combatants and civilians.

• (1535)

A third example that is often cited is the Sierra Leone civil war which started in 1991 and ran through to 1999. Fifty thousand people died in that conflict. It is estimated that the main rebel group, the RUF, mined between \$25 million and \$125 million in diamonds annually to finance its war efforts, which were attacks on the civil population in Sierra Leone. That country is still recovering from that brutal civil war.

I have former constituents who are working as part of the United Nations relief effort in Sierra Leone to address the appalling results of that war, including establishing housing and helping to integrate

many of the child combatants into their villages. The effects of that brutal civil war are still being felt today.

We then have the Republic of Congo civil war, which started in 1998 and ran through to 2003, but is still very endemic today. Over three million people have been killed in the Republic of Congo and it has been expelled from Kimberley membership. We will come back to that in a moment but it is clear that the appalling civil conflict in the Republic of Congo was fuelled by the diamond trade.

I will now go back to Angola. An interesting article was published in *Drillbits and Tailings*, a publication concerned with the diamond trade and mining. It linked up in a series of articles the Angola civil war and diamonds. I would like to read a few paragraphs from that because I think it is illustrative of exactly how blood diamonds fuelled the conflict.

It said that the United Nations estimated that UNITA, the main rebel group in Angola after independence, earned between \$3 billion U.S. and \$4 billion U.S. over the last eight years of the conflict from diamond sales after Angola was engulfed in the civil war in 1975 after gaining independence from Portugal.

When UNITA relaunched the war in December 1998, it relaunched it with money made from investing profits from diamond sales. In fact, the head of the UN peace building support office, Felix Downs-Thomas, said that the conflict was referred to as a diamond war. Diamonds not only allowed UNITA to finance the war, it was the principal reason for the fighting. In fact, ongoing wars in Angola were being fought because of the pursuit of those mineral riches.

The article goes on to say that diamonds had spawned a culture of violence in Angola, including the hiring of mercenaries, as confirmed by a United Nations report that came out in October 1998, and that the mining company, DiamondWorks, had well established connections to mercenaries and that Tony Buckingham of Branch Energy, a British company that owns one-quarter of the shares of DiamondWorks, is known for brokering entry of the corporation into Angola.

Executive Outcomes, which was the company that came into Angola, was a South African mercenary army that included former members of apartheid death squads. Half a million Angolans lost their homes in that conflict and became internal refugees as the war to seize control of the mining regions continued.

Angola is a clear case of where the intense search for blood diamonds fuelled the war and, because of the immense riches generated by these blood diamonds, contributed to deepening and widening the conflict.

I could speak about Sierra Leone and the similar impact the diamonds had in that civil conflict, but I would like to read a couple of paragraphs of the Human Rights Watch report on Sierra Leone at the height of the blood diamond fuelled war.



*Government Orders*

Human Rights Watch has documented numerous rebel abuses committed in 2000 in the Port Loko district, which was an area allegedly under government control. The abuses included cases of rape, 118 cases of abduction of villagers, three murders, cases of mutilation, of forced labour, of massive looting, of ambushing and the training, as I mentioned earlier, of child combatants. Most of the victims were civilians living in camps for internally displaced people who were attacked when they ventured out to get food, wood or water.

● (1540)

The atrocities taking place in Sierra Leone, Angola and Congo are all fuelled by these blood diamonds. That is why, in this corner of the House, as previous speakers have mentioned, we fully support the intention of the Kimberley Process and the idea that the Kimberley Process will lead to a better situation and a partial resolution of this trade in blood diamonds that fuels these horrific civil conflicts. We know that it is civilians, women, men and children, who are the victims of these horrific conflicts.

We should say that the blood diamonds, even though they have been reduced through the Kimberley Process, have not been eliminated. Kim Sutch, who is the director of the Diamond Information Centre in Canada, says that the blood stones are still believed to make up about 1% of the legitimate diamond trade, while conflict diamonds were believed previously to comprise as much as 5% or 6% of the global rough diamond trade.

This trade has now been reduced, but we cannot say it has been eliminated through the Kimberley Process. We must say that the Kimberley Process is a significant step, but it is not a final resolution of the trade in these horrific blood stones. If we have reduced the trade from 5% or 6% to just below 1%, we have not completely resolved the issue.

In the *Globe and Mail*, London-based Global Witness stated, "Despite improvements, the Kimberley Process is still having difficulty in stopping conflict diamonds from entering the legitimate diamond trade" completely. Global Witness mentioned this in a June report. The Global Witness group, whose campaign helped trigger the Kimberley Process, said that diamonds continue to fuel conflict in areas such as the eastern Democratic Republic of the Congo and also play a role in the conflict in the Ivory Coast.

As we know, the Democratic Republic of Congo was kicked out of the Kimberley Process for non-compliance in 2004, but the Ivory Coast continues to be a member of the Kimberley Process. Even though this is a vast improvement in a situation that very clearly needed to be resolved, even though we needed to make a substantial gesture and the international community has come together for voluntary compliance, even though these are significant steps, that is why I have to underscore the fact that this does not resolve completely an issue that continues to exist.

We have to monitor it and look at furthering our international commitments so that indeed we can say, perhaps in the next few years, that we have entirely eliminated the trade of blood diamonds, that blood diamonds cannot squeeze through the loopholes that exist in the process.

In other words, the Kimberley Process must be a gigantic stepping stone to ultimate resolution, so that in no part of the world, especially in Africa, given the recent conflicts there, can there be trade in blood diamonds. That must be the ultimate objective.

I believe this is something that all four corners of this House would agree with. All members of this House believe that we must ultimately completely eliminate the trade in blood diamonds. This is a fundamental goal that we all share.

● (1545)

[*Translation*]

Since we have had a lot of discussion about diamonds and conflict, I would like to quote an article that was in *La Presse* a few months ago. It was an interesting article that raised the whole problem of blood diamonds. It said:

Angola, Liberia and Sierra Leone were posing a problem in the late 1990s when the UN Security Council decided to act. The sanctions that were provided have been easy to circumvent and have not had much effect. The diamond industry soon smelled a huge problem with them: the most coveted stone in the world was in danger of being boycotted, like fur 20 years ago. Already some NGOs like Oxfam and Amnesty International were decrying the abuses. The Kimberley conference, taken from the name of the city where it was held, produced an initiative: the certificate of authenticity that makes it possible to trace diamonds from their extraction in one of the 17 producing countries to the world markets. The diamonds leave the country with a seal of compliance that is required further down the line. "The process is doing its job, it works," says Mr. Van Bockstael.

Mr. Van Bockstael chairs the committee in charge of the implementation of the Kimberley process.

The article also said:

For the rest, however, it is another matter. The big mining companies would try to ensure good conditions for their workers, but how could the unauthorized mining of local people in African villages working with spades and sieves be controlled?

For the time being, only the Republic of the Congo (Brazzaville), Liberia and Lebanon are excluded from the process. The Republic of the Congo, for example, produced only 50,000 carats a year but sold 5 million. A patent case of trafficking.

This is an interesting article because it brings up the point that that the legal production represents 1% of everything sold on the market. There is a problem in the Republic of the Congo. Even if production was a certain amount, what was sold was mostly blood diamonds, which amounted to 100 times the legitimate production.

● (1550)

[*English*]

I would like to conclude by mentioning that the Canadian industry is growing by leaps and bounds as well. Our adherence to the Kimberley Process also helps to legitimize our strong Canadian domestic production. We have a number of mines that have started production in the past few years. In fact, we are now the world's third largest diamond producer.

Even though we still have additional steps to take, for us to participate in a process that ensures as much as possible a legitimate diamond trade, a trade that stops the blood diamond trade as much as possible, and hopefully one day completely and entirely stops it, is something that also helps our legitimate domestic diamond trade.

*Government Orders*

For all those reasons I will stand in support in principle of Bill S-36. We are hoping, as I mentioned earlier, that we will be able to look at this in committee, of course, and examine it in more detail. However, we are completely in agreement with the principle of the Kimberley Process and any amendments that allow us to keep our commitments on the Kimberley Process.

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, the hon. member's speech was excellent. I think that the way the debate on the bill has been going is the way Parliament should work. Every member has added more description to the problem and have given reasons why the bill should be supported. Some also have suggestions for improvements. I particularly enjoyed listening to the member outlining the graphic problem that is before us and which the Kimberley Process deals with.

I have one question. Perhaps the member can elaborate for me. At the beginning of his speech he said he was a bit perplexed with the process. I did not exactly understand what he was getting at.

I certainly agree with him that we should try to make any improvements we can. After the process has had three good solid years in Canada, it will be reviewed in 2006. At the same time, all the countries involved in the Kimberley Process plenary will be reviewing it. They hope to approve the changes in 2007, which means that by 2008 we could get changes coming out of that process to do what both the member and I would like to do, of course, which is to eliminate blood diamonds. Of course if we let down on our efforts, organized crime may be tempted to get involved. Those are the processes for the improvements that we all want in looking at new ideas.

I wonder if the member could elaborate about being perplexed. I did not quite understand that.

**Mr. Peter Julian:** Mr. Speaker, it stems from how we move this process along. Under the Kimberley Process we have moved from a high of 6% of blood diamonds in the world diamond trade down to 1% or slightly lower, as most estimates have it. We are looking at a review on that next year. The question is, how do we move it along more quickly?

If we are looking at 2006-08 as a window, I would perhaps suggest that given the size and scope of the impact of blood diamonds on the countries that I mentioned in my speech, the quicker we act the more effective it would be. That is why I was suggesting that the review should perhaps take place at the same time that these amendments were brought forward.

The member may agree with that or not, but that was my hesitation. We have a review coming up, but the review is next year and we are talking about amendments now. It would seem to me that the review should be done at the same time.

• (1555)

**Hon. Larry Bagnell:** Mr. Speaker, the member's comment was helpful. I am sure the officials are working on this at the moment, on anything we can do. We do have to remember, though, that we are part of an international group of over 40 countries and everyone has to make the changes together. We cannot make changes unilaterally. As the member said, that would take us outside the framework. If we can get our review done so we can put the good ideas into the

framework review in 2006, I think that would be useful. I agree with the member that we should do it as quickly as possible.

**Mr. Peter Julian:** Mr. Speaker, as I mentioned earlier, members from all four corners of the House certainly agree about the importance of the legislation. It reads very blandly, as most bills do, but its impact is significant.

We cannot minimize or in any way try to limit the immense significance that it would have over time if we could completely eliminate the blood diamond trade and its impact on civil conflicts such as, for example, the conflict in Angola, where billions of dollars were brought in to fuel that civil conflict and the rebels through the sale of blood diamonds.

Given the importance of the issue, I think it is good to see agreement in the four corners of the House. We may disagree on minor points, but on the vast principle of stopping the blood diamond trade we are all in agreement. That is very important.

**Hon. Roy Cullen (Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, I want to congratulate the member for Burnaby—New Westminster for his knowledge of this topic and for his very useful remarks.

My question concerns adding value to diamonds that are currently being produced in Canada. Would the member have any thoughts on what Canada could or should be doing with respect to adding more value to rough diamonds in Canada, the cutting, polishing and the downstream activities from there?

**Mr. Peter Julian:** Mr. Speaker, I feel very strongly that we need value added on our exports, not only in the diamond sector.

I come from British Columbia which is a province where we export raw logs. That is a sore point with many British Columbians. When we export those raw logs, we export jobs. What that means is that resource is creating jobs elsewhere.

It is similar to the diamond trade. In the last few years we have created a vital and strong diamond industry. We now need to ensure that we have in place the type of technical and vocational training to ensure downstream development. That will ensure more jobs in Canada.

Given the marketing of Canadian diamonds, which has been very effective, the more downstream value added development we do, the more jobs we create in Canada. Ultimately, the goal of Parliament and of the government is to use the vast resources Canada has such as our energy resources, our forests, our diamonds and our minerals. They are second to none in the world.

With these vast resources, I would suggest that we do not create the type of quality jobs we need in our country. The more value added we have on these products, which are natural resources, the more we will get the type of quality family sustaining jobs and incomes that are important for all Canadians.

*Government Orders*

•(1600)

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, I would like to weigh in on that last topic as well. I agree with both speakers that the greatest benefit to Canada is value added on our natural resources. We do have some processing of diamonds. We have some in Matane, in the Gaspé and in Yellowknife, where I visited a plant and we have some small operations in Vancouver and Toronto.

The Canadian government is also trying to help out. We have some programs with Aurora College where we are providing some funds in enterprise development programs.

One problem we are having, because this is so internationally competitive, is attracting people to the industry. People working in Antwerp doing this type of processing are skilled and have the aptitude to do this work. They can get higher paying jobs in Canada.

Would the member have any suggestions as to how we might deal with that problem, so we could access more cutting and polishing? The experts in the shop that I visited told me that the aboriginal people are very skilled in this profession. At Diavik, approximately 38% of the employees are aboriginal. It seems it would be an excellent opportunity for our aboriginal people.

**Mr. Peter Julian:** Mr. Speaker, the key is the vocational training itself. Given the unemployment rate and the fact that most jobs that have been created over the past decade have been part time or temporary in nature, if the right training exists, then people will want to get into those types of jobs.

Since the parliamentary secretary has given me the opportunity, I will make a pitch for the NDP's better balance budget of last spring, in which we look to invest \$1.5 billion into post secondary education, including vocational training. As a result of that, more people will get the kind of training that can lead to that value added downstream type of production based on Canada's natural resources.

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, I would like to address a few remarks to this bill. It is not a big bill. It is quite short and there seems to be a fair consensus in the House in support of it. However, I would like my remarks to be taken as constructive in providing some context for the bill.

There are two or three perspectives that I would like to address. The first is the issue of regulation of a trade. Essentially the bill puts in place legal components that would in part regulate the diamond trade. It is being done for good reason, but we should recognize that it is a regulation. We are putting in place an obstacle to what would otherwise be a free trade in a commodity.

We ought to recognize that we do this in government only reluctantly or for good cause. I repeat the words sometimes used by the Prime Minister, that if government does not have to be involved, then it should not be involved. In this case there are international dynamics at play that cause us to respond and offer this legislation to regulate the diamond trade.

Regulating a trade is a negative normally. It creates an obstacle and it increases the cost to those who participate in that economic activity. We regulate cigarettes. We raise revenue with cigarettes. I think of propane gas tanks. There are regulations that govern propane gas tanks and certifications. This means that we cannot buy

and sell propane gas tanks without a certification, and that slows down the trade. That particular certification is done for a public safety reason. If we allow the trade in defective tanks sooner or later there will be an explosion, a defect, an accident and an injury and/or death.

I want to reflect that in my remarks today. Although it is a regulation, we are doing it for what we believe to be a very good reason and doing it in concert with the international community. We also recognize that when we regulate a trade or a commercial activity, it could induce a black market. Often in our commercial history, the creation of a regulation induces a black market to develop. In this case the regulation is intended to circumscribe and constrain a black market in diamonds.

Therefore, the goal we are seeking to achieve in this case is to constrain the movement of rough diamonds, which are sometimes called blood diamonds, blood stones, that have been used to finance civil war or insurgency principally in Africa. However, most of us know that diamonds have been used for decades and maybe centuries, or parts of centuries, as a means of financing many things.

Let us take a look at the civil war and insurgency issue. Diamonds are used because they are small, compact, carry a lot of value and are not heavy. I suppose those who work in the black market could put their resources into gold but it is very heavy. They could put it into currency, but currency is usually in bills that are marked and traceable. There are other commodities that could be used, but diamonds have a lot of value and they are compact and portable. They can be moved around and bought and sold internationally because they have those values both in industry for industrial purposes and in the jewellery and fashion field.

•(1605)

The background in some countries involved insurgents who had taken over diamond mines, or stolen diamonds from mines or stocks of diamonds. In Africa where the mines exist, they used those diamonds to finance an insurgency. Maybe some of those people think of themselves as freedom fighters, but the bottom line is that these insurgencies have proven very difficult to constrain. As other colleagues in the House have pointed out, there have been thousands and thousands killed and maimed in the insurgencies.

The diamond is not the problem. It is the people who black market and sell the diamonds and buy the guns and the bombs who are the problem. Nevertheless, the diamond is the vehicle.

The international community, including Canada, a few years ago decided that there should be a process to certify and track diamonds used commercially. The process they developed was called the Kimberley Process. At the end of it, they agreed that a Kimberley Process certification should accompany rough diamonds as they are bought and sold on the wholesale or commercial marketplace.

The term "Kimberley" I think relates to a very famous diamond mind in South Africa. South Africa was a huge producer of diamonds. Perhaps it was number one at some point in world history, and it may still be. South Africa clearly was involved in development of these new rules.

*Government Orders*

Canada has subscribed to the Kimberley Process. We do that for good reason. We have observed the death, destruction, utter chaos and desperation of peoples involved in some of the insurgencies in the countries such as Sierra Leone, Liberia, the Republic of Congo and the multi-year insurgency in Angola. Most of these conflicts have not been fully resolved up to now, but some have happily.

Progress is being made by the people in those countries, with the assistance of the international community. In doing our part, we have introduced this legislation to enact the legal components necessary to regulate the diamond trade for the purpose of preventing this black market, which produced wealth and resources for these civil wars.

In the meantime, Canada has itself become a major diamond producer. We did not plan this. Fortunately, we have a very wealthy country and we have found diamonds. This is mostly in northern Canada. However, I understand there is the possibility of a play in northern Ontario now. Canada will have to be very certain that, under the Kimberly Process, our house legally, our rules and laws, are in order and are suited for the purpose of regulating the commercial trade in rough diamonds.

I make reference to remarks of other colleagues, as we look at the development of the diamond mining industry in Canada, that we should be taking public policy decisions provincially and federally that will enhance prospects for development of an orderly diamond cutting or design trade, whether it be in the north or in one of our cities in the south. Most of us would like to see something substantial happen with diamonds in the north. Wherever the trade is developed, we hope it will come with the economic multipliers that are associated with development of an industry like this.

•(1610)

Last, I want to go back to what I regard as the basics of the bill rather than the context. The bill itself adopts rules or definitions which allow the government to legally support the Kimberley process which I mentioned earlier. It allows the minister to adjust the definition of rough diamonds and to allow for developments in the industry later and to avoid any unintended obstacles to the development of a diamond mining trade, a diamond centre trade, jewellery design here in Canada. That is very important. As we legislate now, we should all recall that when we pass a law we actually write it in stone and it cannot be changed unless we rewrite the law later.

The statute we are adopting here, as we understand it, allows the minister in future years to adjust that definition to exclude from the term "rough diamonds", the basket definition, certain other types of diamonds which will have greater definition and which should not be included. I assume that same approach is being used by our other international partners in the Kimberley process.

As I said, the bill will fulfill Canada's international obligations. The bill will have a positive impact on those elements of the diamond trade which were financing on a black market basis the insurgencies in those countries and in others.

I will close if I may with the hope that the regulation we are putting in place will not impair orderly, lawful development of the diamond trade either in Canada or elsewhere. I know that the bill reflects Canada's continuing engagement internationally in an effort

to assist other countries to protect themselves from the kinds of insurgencies and civil wars that the black market diamond trade has given rise to in the past.

•(1615)

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, I am delighted the member mentioned the importance of diamonds to the economy, but he only mentioned northern Ontario. In order that members of the public who are watching can understand how surprisingly fast this industry is developing in that Canada is third in the world already, I will outline a number of the areas that people may not be aware of.

The two producing diamond mines, Diavik and Ekati in the Northwest Territories are only two mines and we are already third in the world. There is also Kennedy Lake in the Northwest Territories. In Nunavut there are a number as well, Jericho, Coronation Gulf, Jackson Inlet way up above the top end of Baffin Island, and Melville Peninsula. Then over in Quebec and Labrador in the north in the Ungava Peninsula there is exploration. There is the Otish Mountains in Quebec. In Ontario there is the Attawapiskat and Wawa and then going west to Manitoba, Fort à la Corne in Saskatchewan and Buffalo Hills in Alberta.

I do not know if the member wants to comment, but those areas are where our natural resources are tremendously important for us.

**Mr. Derek Lee:** Mr. Speaker, of course Scarborough—Rouge River is the place I would love to see the diamond trade centre develop, but I thank the hon. member for going through the list of the locations of the diamond mines. I did refer to northern Canada as where the diamond play was happening and I made a side reference to northern Ontario, but clearly the list shows several provinces and the whole northern piece of Canada, Yukon, Nunavut and the Northwest Territories.

This is a wonderful opportunity for the development of an industry. I am pretty sure that not all of us have our heads around this yet. It will involve collaboration with provincial and territorial governments and the federal government. At some point the private sector is clearly going to have to step up to the plate with or without the suasion of the various governments in Canada to try to enhance prospects for development of a domestic diamond trade centre. That has future exciting prospects.

For the time being we are simply regulating the transport and the packaging of the rough diamonds. We have a long way to go before the other develops, but I thank my colleague for mentioning these things.

**Hon. Roy Cullen (Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, I must say I am not an expert by any stretch of the imagination on diamonds. We do not have too many diamond mines in Etobicoke North, but I did have the opportunity very early in my career to live in South Africa.

When we look at the term Kimberley process, and the parliamentary secretary sitting beside the member probably would know, but I am sure it is a takeoff from where the big diamond mines are in Kimberley, South Africa. Most of them were owned and operated principally by the big diamond company DeBeers.

*Government Orders*

Just to put this bill in some sort of context and give a better understanding for people like myself, the process is meant to ensure that diamonds come from diamond mines that are not in areas of conflict, and are not blood diamonds where they are being used to fund conflict in various parts of the world. As I understand it, the Kimberley process is an embedding of some mark within the diamond itself. There is some way to differentiate the diamond so that people will know that it is not a conflict diamond or a blood diamond.

I know there was some discussion at some point, and maybe this is how the process works today, that there would be a way to put a Canadian symbol within the diamond so that people could recognize it as a diamond from Canada. I must say I have not followed this as intensely as I might have, but I am wondering if the member knows how the Kimberley process works. Is it something that is embedded in the diamond itself? How are the criteria developed? What is involved in designating certain diamonds as certified under the Kimberley process?

It is one of those things we all need to be very concerned about because we do not want to encourage the trade in conflict diamonds. These diamonds are available in countries such as Sierra Leone and, as many colleagues in this House have already outlined, in Angola. They are used to fuel conflict and huge ethnic warfare. These groups fight with great tenacity to take control of the diamond fields so that they can further fund their activities, be they involved in terrorism or overthrowing governments, or the government itself to protect its interests.

I am glad to see the Government of Canada is acting on this. Maybe the member for Scarborough—Rouge River could comment on my question.

• (1620)

**Mr. Derek Lee:** Mr. Speaker, we have many occupations and trades represented among the members of the House of Commons but I am not aware whether we have any diamond cutters among our membership.

As I understand the remarks of my colleague from Etobicoke North on whether the Kimberley process involves somehow marking the diamond or not, I understand the Kimberley process to be a procedure, not one that involves the cutting or marking of the diamond, but rather a certification on paper or some other medium that accompanies a bundle of rough diamonds.

The Kimberley process is one which says that a bundle of rough diamonds comes from a location that is secure from diversion, the black market and the blood diamond trade. It is not actually a process of marking the stones. If it were to be that, I think we had better get some experts from the diamond cutting trade, because I have a funny feeling that those who cut diamonds for the jewellery market would be falling over now, thinking that the Canadian Parliament might be considering marking their precious diamonds in some way with “made in Canada” or a word mark.

I do not think that is what is involved here. I am pretty sure it is not and that the diamonds will be clean. There may be a few that have the signature of the designer somewhere buried in them by laser or otherwise, I do not know, but the future will tell.

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, there was a good suggestion earlier. They cannot be marked because they are still in the rough form and they are going to be cut up but more descriptive elements were put in and I think it is something the department should look at.

I also forgot to mention when I was describing the breadth of the industry and how important it is to northerners that over 70% of the employees at Diavik are northerners and over 30% of them are aboriginal people. I never mention my own riding and we do not have diamonds but I do want all those investors out there to know that we have emeralds. I have seen them and they are beautiful. Anyone who wants to invest in our emerald mine in Yukon, please do so.

**Mr. Derek Lee:** Mr. Speaker, I think that was a pretty good commercial for the Yukon and I will just let it stand as is.

**Mr. Bradley Trost (Saskatoon—Humboldt, CPC):** Mr. Speaker, I will admit that the riding of Saskatoon—Humboldt is probably not the centre of Canada's diamond trade and may very well never be the centre, but I do have somewhat of a unique perspective on a bill dealing with Canada's diamond trade.

The hon. member for Yukon made a wonderful advertisement for his riding. There was a period of time when I lived in the hon. member's riding. I was based out of Whitehorse doing mining and mineral exploration. That brings me to the unique perspective I have on this bill. Even though these are technical amendments to the Kimberley process certificate scheme and the goal is to make Canadian diamonds more acceptable to that protocol, the purpose of making Canadian diamonds more acceptable to that protocol is to make them more marketable, more saleable and to make them the premier product in the world when it comes to the marketing of diamonds.

I will put in a plug for it, in that we have the world's best diamond industry. We are very ethical. It is an environmentally friendly industry up in the north. If any community ever had a chance to choose any particular mine, it would choose a diamond mine. There are no problems with tailings, processing, et cetera, and the royalty regime is extraordinarily generous because of the high productivity per tonne.

My background in dealing with the overall diamond industry comes from that of an exploration mining geophysicist. In fact, in 2000 I had the pleasure of working up in the Northwest Territories in a place called Paulatuk which is about an hour and a half to two hour flight from Inuvik, in the neighbourhood of Tuktoyaktuk. In the summer of 2000 I had been working in the territories, Nunavut, doing some gold exploration, et cetera. I had the personal pleasure of going up there and participating in Canada's fledgling diamond industry as an exploration mining geophysicist.

*Government Orders*

If the House will indulge me, I will provide a little of the background of the mining and so forth. Because this is an important industry to the north, and even though my riding of Saskatoon—Humboldt is not north of 60, I feel it is important for all members of the House to promote other parts of the country and the industries in other parts of the country, to promote growth. We are all Canadians. We are all in this together. We want to have growth and prosperity, not just in our home ridings and regions, but all across Canada.

Diamond exploration is similar to the project that I worked on in Paulatuk in the Darnley Bay region. Basically we start off with something on a geological map, something that has caught the interest of a geologist, a geophysicist, generally something done by the Geological Survey of Canada. In the instance of the region where I did some exploration work, it was a gravity anomaly and it originally had started out as a base metal play. I guess they were hoping at one time to find the next Sudbury. In doing exploration work in the region there had been some till sampling, some gravel sampling and an analysis of the mineralogy. I am a geophysicist, not a mineralogist so if some of my old professors are watching this debate, on occasion the details may be incorrect here.

They had discovered certain garnets, certain other indicator minerals and even trace micro diamonds indicating the possible presence of kimberlite in with certain chromites. The aeromag and the electromagnetic surveys done by aircraft indicated the potential for a considerable amount of kimberlite in the area.

I was working for an exploration firm and we had gone into the area and were tightening up the targets using magnetic surveys and an EM map, an electromagnetic map, colloquially known in the industry as the MaxMin method—and I have no clue how that is translated into French—to begin to tighten the targets and work there.

When we go into these towns, not only are outside geophysicists and geologists employed, but we also employ a considerable number of people in a very small town. I would estimate that Paulatuk probably has around 200 people.

•(1625)

We were able to employ a considerable number of young people there working on the drill rig when we started to drill our targets, once we had made a decision where to drill. We even began to train them on how to use the field geophysical equipment and work the samplings that the geologists were examining.

What is the point of saying all this? Mining is very important to the north. The diamond mining industry in particular has been good for northern Canada. As has been alluded to earlier, Diavik and Ekati have proven to be two of the world's most successful mines and have proven to be wonderful for the Northwest Territories and again, for all of Canada.

That is the personal perspective that I bring to this industry, someone with an intimate hands on detail of the very early aspects of the rough diamond trade. That is where my overall interest comes in to play here.

As I noted earlier and has been noted previously in this debate, Canada is an active member of the Kimberley Process certificate scheme which is essentially an agreement between nations to stop

the illicit diamond trade, a diamond trade that was fueled predominantly through alluvial deposits in Africa in zones of conflict. There, rebel groups, terrorist groups and so on, would fund their operations, their criminal, lawless behaviour, their murdering of innocent people, through the sale of diamonds. Diamonds being the most portable, the most transferrable source of wealth that is easily taken around the world.

A handful of diamonds is very valuable and can be traded next perhaps to or even more so than illegal drugs. It is a method that is very easy to use if one needs to raise a large amount of cash and one does not have huge amounts of physical resources.

Rather wisely, if I may say so, the agreements were drawn up to begin to develop a plan to put pressure on these groups to squeeze them out of the market and to begin to focus the diamond trade in areas where human rights are respected, where there are proper standards, and where there is proper respect for the rule of law and for the people of the area. That is the nature of it.

Canada joined for a variety of reasons. The number one reason we should support the overall idea is because it is morally right. Underlining everything we do as parliamentarians should be a basic adherence to certain principles and certain rule of law. That rule of law and those principles apply both in Canada and throughout the world. That should be the first reason.

The second reason that we joined and got involved in this is to promote the sale of our diamonds. Let us be clear here. Diamonds are a very high end product. People who tend to buy them tend to have a considerable degree of income, and have the ability and often are fairly well informed about political situations, international situations and so on. They want to know that their diamonds are from a place that is moral, that has the rule of law and respects human rights.

To promote Canadian diamonds, it is necessary for Canada to get involved and to be a part of this process. It is good for business. It is good for the promotion of the Canadian diamond industry and marketing Canadian diamonds as a unique, distinct and separate brand.

That is the overall basic purpose of this bill. The details of the bill help to explain what rough diamonds are, how to measure them, and how to bring them up to the Kimberley Process certificate scheme standards. The bill will allow the creation of standards and statistics, so that Canada can more easily report its mining to the world. It will become easier to track, easier to account and easier to stop the flow of diamonds that are finding illegitimate and unworthy groups.

As I said earlier, I have a fairly personal interest in Canada's mining industry, diamond mining being one of the most successful industries in recent times. It was not all that many years ago where prominent people would say Canada has no diamonds.

•(1630)

De Beers used to propagate that myth for many years. More knowledgeable observers have been plugging away, doing a bit of prospecting, geophysical and geological work, and have found diamonds. We now have two mines.

*Government Orders*

Mining is an important historic Canadian industry. Canada started with the fur trade, pretty soon after came agriculture and forestry, and not long after that came mining. We must not forget that we were, and still are, in many ways the world's leader in the industry. Historically, the great mining engineers and geologists started in the British Commonwealth. Canada and Australia became the premier jewels in that crown with our expertise in geology. The Geological Survey of Canada is world renowned. The mining industry, and not just for the sake of the diamond industry, needs the support of the House. I know the member for Yukon will agree with me because this industry is important to his riding.

I was somewhat disappointed in that I had been led to believe in the last budget that there would be more financial support for the geoscience initiative. It was a disappointment to members on this side of the House because we view it as a part of Canada's infrastructure. As my colleagues know, I am fairly reticent when it comes to spending money. I believe most budgets should probably spend less rather than more. However, the geological knowledge and geological inventory of Canada is important and it must be continually worked.

Something that perhaps non-geoscientists do not understand is that just because an area has been mapped once geologically does not mean it should never be mapped again. There is no such thing as a perfect geological map except on an extraordinarily small scale which would be of almost no use. As one of my professors once said, when I was doing some mapping on a structural geology course, no geological map is accurate, most of them are only 50% accurate. That included the ones he did. They all need revision because there is so much detail and so much knowledge to be gained from going over the process.

An example of this is a project that I worked on in Salluit in northern Quebec. Falconbridge previously had the property. A geological survey had repeatedly been done on the property only to have nickel found by a prospector. We need to continuously invest in geoscience.

I give these examples to encourage members of the House, who are not familiar with the need for mapping and investing in geological surveys and the geoscience initiative, to support it. There is cross-party support on this issue.

I would also like to note, and I am not an expert in this area of mining, some of the financial issues that are coming up and the sunset clauses to some of the flow through shares et cetera. These financial instruments, as I understand them, have been valuable toward promoting mining companies.

There is a long lead up time in any mining project from exploration until production. These things do not happen in a matter of weeks. It takes years of patient research. Years were spent looking before Ekati and Diavik were set up in the Northwest Territories. We need to promote geoscience.

I wish to note one final aspect with respect to how diamonds impact the Canadian economy and it has to do with my province of Saskatchewan and a much larger issue that has been dealt with in the House before, and that is the question of equalization. We in the province of Saskatchewan have quite an exciting discovery at play.

We are hoping that a diamond mine will be located in Fort la Corne. There is a very large and somewhat unique kimberlite deposit in that area.

• (1635)

Prince Albert is the largest city close by for people not from Saskatchewan. By large, I mean around 30,000 people, well within driving distance, which would make it a unique mining town in that it would be very accessible.

There are some very great hopes that this mine will some day become a producing mine. As with most mining projects, one should be very cautious. Having worked on a project where kimberlite was found, I have to explain to some of the non-technical people that this does not immediately mean that it was going to be a diamond mine. Kimberlite is found all the time. We can find hundreds and hundreds of kimberlite pipes without actually finding a diamond mine.

There are some great hopes and the exploration is at quite a stage. There are actually some unique things such as bulk samplings and the drilling and the logging has gone on. There are prospects. There have been diamonds found and the degree of commercial viability has yet to be decided.

This is important. It has been pointed out that if the province of Saskatchewan wishes to enhance diamond exploration and encourage the development of this mine it could give a royalty holiday to the mine to encourage production. However, for the purposes of equalization, even though the government of Saskatchewan would be receiving absolutely no revenue from the royalty, none whatsoever, it would still be put into the calculation for equalization.

Not only would the economic effects of the development of the mine be put against our equalization account. Royalties not received by the government of Saskatchewan would also be calculated in at a somewhat subjective rate calculated here in Ottawa. So, the province of Saskatchewan would actually be taxed by the federal government and discriminated against for trying to cut its own tax rates, its own royalty rates to encourage development.

As all hon. members know, particularly those in the northern areas, we need to develop good mining jobs in the north. There often is not a whole lot more up there. We need them in Nunavut, the Northwest Territories, in northern Ontario, and northern Saskatchewan. Throughout northern Canada, that great area between the really far north and where most of us live, mining is a way of life and an absolutely crucial thing.

It is something that should not be discouraged, either through equalization, where this would discriminate against the province of Saskatchewan, or through a lack of support of geoscience and the mining industry.

I think those are some of the points I wish to make today. Mining is good for Canada. It is necessary for Canada. That is why we should support this legislation. It brings forward and makes Canadian diamonds a more valuable commodity. By doing the right thing and promoting our diamonds, we should do everything in our power to build on that.

### Government Orders

Again, equalization needs to be fixed. It needs to be done so that all provinces can benefit from their mining. There are two provinces in particular that are discriminated against, British Columbia and Saskatchewan.

Before hon. members ask me, this does not strictly have to be done in the way the oil and gas agreement was done with Newfoundland and Nova Scotia, though I would very much support it if it could be treated that way. That is because in the history of equalization there have been side deals done on asbestos as a particular impact under equalization and potash is not clawed back at the 100% rate. I believe former premier Thatcher, the very conservative Liberal premier of Saskatchewan, negotiated that provision. So not all resources have to be changed, even if we cannot get the ideal, which is a situation where natural resources would be taken out of equalization.

I will support this legislation. I will continue to support mining endeavours that are good for Canada, good for Saskatchewan, and good for the north. I would encourage all hon. members to do so.

about the background of members of Parliament in the House. The hon. gentleman has worked in the mining sector in northern Quebec, Yukon and the Northwest Territories. The House has a diverse group of people who come here to represent Canadians in the House of Commons.

He made a comment about the need to encourage and support continuous exploration for our mining industry, and I totally agree with him, because mines are eventually worked out. To keep the mining industry going and miners employed, we need new mines and new ways of supporting and encouraging that sector.

It was our government that I think a couple of years ago brought out a whole new taxation regime for natural resource companies, particularly the mining industry. A package removed what used to be called the resource allowance and replaced it with what the mining companies were actually paying to provinces and territories in terms of royalties. There had been a formula-driven resource rent allowance, which was replaced with the actual royalties paid by the mining companies to the jurisdictions in which they operated. Most of the mining industry benefited from that.

There were also other initiatives in that package, including an exploration mining tax credit of 10%. The member for Saskatoon—Humboldt also talked about flowthrough shares and how they have been rolled over a number of times. These are important instruments to support the mining industry so that it will have an incentive to explore and find new deposits.

The member is absolutely right. He speaks with more experience than I. I once flew over Voisey's Bay. That deposit was missed by the big companies two or three times. An entrepreneur, a chap who was looking for this type of thing, came across it and recognized that there was something very valuable there. He staked a claim and Voisey's Bay was born. I think he became a multi-multi-millionaire. More important, that area has grown and is growing and will be a huge source of nickel and other minerals for many years to come.

I am wondering if the member is familiar with the package that the government brought out. I think he indicated that these tax credits and the flowthroughs are working well. From his experience, how does it change the behaviour of the people who are exploring and looking for new deposits?

**Mr. Bradley Trost:** Mr. Speaker, I will preface my answer by saying that I am not the expert on all the financial aspects. I tend to have a much more hands-on working geoscience knowledge on the ground.

I will say that it is fairly important for us to have a system because this is so high risk. Mining exploration for heavy metals, diamonds and some of the more exotic minerals is much, much more risky than it is for oil and natural gas. With today's technology, such as 3D seismic and various other things, and provided one is working with a competent firm and team, one does not often hit a dry well in a well researched and well explored basin when drilling for oil and gas.

When it comes to other forms of mining, the exploration is much more risky. That is why it is important, in regard to the good provisions that have been made, to continue them. There are sunset clauses on at least some of these provisions. The provisions need to be continued.

## ROUTINE PROCEEDINGS

• (1640)

[Translation]

### COMMITTEES OF THE HOUSE

#### FOREIGN AFFAIRS AND INTERNATIONAL TRADE

**Hon. Dominic LeBlanc (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, there have been discussions among all parties and I believe that, if you were to seek it, you would find unanimous consent for the following motion:

That, in relation to its study of the International Policy Statement, seven members of the Standing Committee on Foreign Affairs and International Trade be authorized to travel to Winnipeg, Toronto and Montreal from October 30 to November 4, 2005 and to Quebec City, Halifax, Fredericton and St. John's from November 13 to 19, 2005, and that the necessary staff do accompany the committee.

• (1645)

[English]

**The Deputy Speaker:** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.  
(Motion agreed to)

## GOVERNMENT ORDERS

[English]

### EXPORT AND IMPORT OF ROUGH DIAMONDS ACT

The House resumed consideration of the motion that Bill S-36, An Act to amend the Export and Import of Rough Diamonds Act, be read the second time and referred to a committee.

**Hon. Roy Cullen (Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, thanks to the member for Saskatoon—Humboldt, we learn more



*Government Orders*

To go back to my speech, the timeline on these things is so long and immense that it is often difficult for people not in the industry to understand. People can go for years and years working as exploration geologists without actually ever finding a mine or working on a project that will become a mine. It is just the nature of the industry. I have had the privilege of working on a project in Baker Lake in Nunavut that looks it like will become a mine in the future.

I would say these provisions need to be carried on. The underlying premise in doing this has been very good. They need to be carried on. They also need to be integrated with an overall skills package to help the people who are working in these areas take full advantage of and have the opportunity for some of the skilled positions that are coming on stream.

It is very hard. There are not that many exploration geophysicists across Canada. There cannot be one in every village. Even many mining companies bring people like me in from specialist firms. However, there does need to be something done so that the very people who work in the areas where there is development and exploration—because it is not just the mines that provide jobs, it is the exploration that goes in front of it too—are able to take full advantage of the opportunity, be that with businesses in supplying the needs of the mining companies that are coming in or by specifically working in on-site jobs in various ways.

It is important to keep these tax measures and the packages that are coming to a sunset rolling forward. They have worked, but if they sunset we may lose some of the benefit because of the timeline that needs to be done. Mixed in with a bit more progressive look toward employment in some of these regions, I think we can have some very positive results continuing and Canada can continue to be a world leader in mining, both in diamonds and other minerals.

• (1650)

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, I quite enjoyed the member's speech and thought it had a lot of interesting points, and of course anyone who has been in the Yukon cannot be bad. I did object strongly to one statement he made when he said that we need mines in the north, in Yellowknife, in the Northwest Territories, Nunavut, Manitoba and northern Saskatchewan. How could anyone leave out the constituency of the parliamentary secretary, the Yukon? We need mining jobs in Yukon as well.

I would like to compliment the member on his mention of geoscience. I can tell him that our department is very strongly supportive of geoscience. I agree with him totally that we have had excellent investments in geoscience. In the past, the Government of Canada has made major investments in geoscience, which have had productive results. I think we can lobby together in that area.

As he mentioned, in the north there is still a lot of unmapped area, particularly in Nunavut. I would ask the member to comment further on that.

I would also ask him to comment further on skills development and HRSDC and programs that we might put in place or might support to get more value added out of the industry. We have a very small value added industry now. There is some polishing and cutting in Yellowknife, Gaspé, Toronto and Vancouver. Is there anything we

could do to get more people involved in the industry and is there any support that he or his party might have for Skills Development Canada initiating such programs?

**Mr. Bradley Trost:** Mr. Speaker, I must say that the slight to Yukon was not intentional. My former boss was the vice-president of the Yukon Chamber of Mines. If the hon. member ever gets to see Mike Power of Aurora Geosciences and Scott Casselman and other colleagues, I ask him to give them my regards and greetings. They are still doing good exploration work in the territories.

In the Yukon, the Klondike is one of the great stories of Canadian history. The Yukon is a fascinating place. If members have not been there, let me suggest that they go up and see the hon. member's riding. There are some beautiful stretches and some needed work.

The parliamentary secretary asked about skills development. If I may, I will put in a little plug for the plan that the leader of my party has put out overall for skills and trades across the country to try to increase the number of people able to go into the skills and trades. The plan is also to encourage them financially, so more tools will be tax deductible for the trades and skills. The problem was originally brought forward due to mechanics not being able to claim their tools against their income tax, but I believe that it will help overall. It will help all sorts of trades.

With regard to the specifics of increasing value added for the diamond industry, I am not 100% knowledgeable about the specifics. I will say, having dealt with other resource industries, that regulatory processes can be a problem. I found that in dealing with the chemical industry. There was a decision some years ago, which I think everyone regrets, that allowed the potential for some value added export products to be taken to the United States instead of developed here in Canada.

What I will say is that what we need to do is develop enough of a core. As we have skills in an area, they tend to attract. We have two mines in the territories in full development. As we continue to develop more mines, a natural centre of gravity will develop. That is what we need to do. Tax credits, incentives, et cetera, will bring people in. We need to use the market for motivation; they work together very well.

• (1655)

**Hon. Roy Cullen (Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Speaker, I am pleased to enter the debate in a more proactive way on Bill S-36, an act to amend the Export and Import of Rough Diamonds Act.

We have had a lot of good discussion today around the bill and it is a very important undertaking to ensure Canada's diamonds are certified as being diamonds that are not coming from conflict areas, or blood diamonds as they are often referred to, and that they have been through a process to certify that.

*Government Orders*

Canada is now the third largest producer of diamonds in the world, and that is quite an accomplishment. That was done in a fairly short period of time and that industry is even growing as we speak. The parliamentary secretary talked about new mines being developed in Ontario and other parts of Canada, so this is a great story and, with this bill, we are helping the diamond industry in terms of how they can market their product more effectively and create a good market for their production.

I spoke earlier in the debate about the need to add value to rough diamonds in Canada. In rebuttal, the member for Burnaby—New Westminster talked about the fact that we are exporting all these raw logs. We need to put that into some context as well. In fact, I worked for 12 years in the forest industry in British Columbia. The export of raw logs is limited by statute and they have to meet very specific tests or criteria. To be exported in the raw log form, they have to be surplus to domestic needs and they have to pass some other tests.

If we look at the average over many years of the export of raw logs in relation to total production of logs in British Columbia, it is somewhere around 3% to 4%. We need to be concerned about that but it is very different from diamonds, where right now in Canada we are exporting virtually 100% of our uncut diamonds to Antwerp, Tel Aviv and Amsterdam, which is where the cutting and polishing is being done.

I would like to see a diamond trading centre established in Canada. The experience in Antwerp and other cities has shown that if we set up a diamond trading centre, then the people who cut, polish and further process diamonds will situate themselves very closely to the diamond trading centre. The people who cut and polish the diamonds like to be close at hand to the diamond exchange.

There have been some discussions that people in the Northwest Territories, where a lot of the big diamond mines are now located, would like to see this diamond trading centre located in Yellowknife, and I can understand why they would want to do that. It creates high paying jobs and it is good for economic activity.

The parliamentary secretary from Yukon talked about the fact that we do have some cutting and polishing going on in Canada but it is after the uncut diamonds have been shipped offshore. Some of them do come back for some further value added but it is quite small in its size and scope. I think there is a real opportunity for Canada to get more involved in the added value part of the diamond industry.

I have talked with some of the players who are anxious to set up a diamond trading centre in Canada and they are telling me that establishing such a diamond trading centre in Yellowknife, for example, would be very difficult because they need to attract people with the right skill sets.

● (1700)

While I understand and respect what the parliamentary secretary is saying, that we do have some of those skills in Canada, but we do not have enough of them. I suppose setting up a centre have the centre in Yellowknife is, I suppose, a reasonable option but I have been told that these diamond trading centres are typically set up in very large urban areas close to airports with easy access to international flights because people come and go, they buy diamonds and work in their businesses in terms of the value added sector.

I began to wonder why we would not want to look at setting up a diamond trading centre in the city of Toronto. Toronto has many of those attributes. It is a large centre. It is easily accessible in terms of international flights. It has the kinds of amenities that many people in this sector would be looking for. I am trying to see if we can attract that kind of business to Toronto.

I am working with my colleagues in the Northwest Territories and we are exploring different options. Maybe there is a possibility of having some value added, more value added than is being done today in centres like Yellowknife. There might be some compromise solution but the diamond trading centre, as I understand it from the experts, needs to be in a large urban centre that is easily accessible in terms of travel and the like.

The experience on this has been quite clear that once a diamond trading exchange is set up, the other value added sector industries will follow. What we end up with is a cluster that is good for creating many high paying jobs, skilled jobs, economic activity and then, from the cutting and the polishing, it also grows into manufacturing jewellery. We would end up going right to the far extremes of the spectrum of processing within the diamond sector. It is something that is being explored now and it makes some good sense.

With respect to the diamond mining industry in the Northwest Territories, the federal government would make the decision to direct a percentage of the production from the Northwest Territories into, for example, a diamond trading centre somewhere else in Canada. Right now the major diamond mining companies in the Northwest Territories are owned and operated by foreign companies, such as De Beers and others, which take the uncut diamonds and move them to their processing facilities in cities such as Antwerp. They cut them and polish them there and then they work them back into the diamond market. The diamond market is a huge, some would say, cartel. It is a very exclusive club that pretty much controls the supply of diamonds into the market, but this would be a way of adding more value.

The other feature I am working on is to see if we could set it up in Toronto as a duty-free zone because in budget 2000 the government came out with some measures which would more readily allow for the formation of what we would call duty-free zones. They would not be described precisely like that but they would allow the movement of goods into a duty-free zone, free from duties and free from GST as long as the production is moving offshore and as long as initially the value added is going to be limited to a maximum of 20% as a starting point. With respect to uncut diamonds from Yellowknife, the duty-free zone does not really offer much in the way of attraction in the short run but once the centre is established and its cluster is developed we would then have some capacity for cutting and polishing.

● (1705)

Over time more of these uncut diamonds would come from other sources, such as South Africa and maybe Russia. As long as a good centre of excellence was created which was cost competitive, those diamonds would find their way into this diamond centre and then they could be worked on in Canada.

*Government Orders*

As long as they are exported to the United States or any other country, they would be exempt under these rules of the duty on the stones coming in and also the GST. This was an obstacle that was eliminated in budget 2000 because we have a number of duty deferral programs in Canada but one of the constraints to setting up a geographical area and call it a duty-free zone was the fact that the GST still had to be paid and then refunded. Therefore as the goods came in there was some value added. The GST was paid once they were exported. Of course the GST could be rebated but it was an administrative problem and a cashflow problem.

In fact these duty free zones, if we look around the world, very much lend themselves to this sort of model of a cluster, a jewellery and diamond centre cluster. There are similar examples in the Middle East for example and I think it has some attraction.

We are looking at some sites and I am working with my colleague in the Northwest Territories to see if we can come to some solution where we optimize the value added input that can be achieved in the Northwest Territories but we are also realistic about the fact that the bulk of this needs to be centred in a large urban area.

I think Bill S-36 is important legislation and I would like to see us move more in the direction of adding value to this important industry in our country.

I had the opportunity many years ago to work as a young chartered accountant in South Africa. There I could see the huge diamond industry that exists and existed in South Africa. In fact, the number of people in the diamond processing industry in Johannesburg is absolutely staggering. In fact, I met more people from Belgium in Johannesburg than I have ever met before. The reason for that is a lot of them would come from Antwerp and places where the diamonds are cut, polished and made into jewellery. Many of them would find their way into Johannesburg because it was a big diamond trading centre as well.

I also had the opportunity years ago to work and visit the Northwest Territories. I discovered that an old friend of mine who I went to university with became president of one of the big diamond companies in the Northwest Territories, Diavik Mines. He came here one time when the Diavik mine was being developing. One of the challenges his company had was to get supplies in to develop the site. In the winter the trucks drive over the lake which is frozen over but they had to get a certain amount of supplies onto the site before a certain time. They were running into some obstacles with various regulatory authorities, not that there were any issues or problems, but just that they needed some very quick decisions and we were able to talk to Environment Canada, the Department of Natural Resources and the Department of Finance. I was happy that it was able to unblock some of those impediments and able to get the material on site on time.

• (1710)

This is a hugely important industry for the Northwest Territories and, as the parliamentary secretary noted, for many other parts of Canada as well. It is important that we encourage the mining industry to continue to explore and to find new deposits. Many mines in Canada now are close to being worked out.

Developing a mine is a very expensive process. First, they have to seek out the lodes where the precious or base metals are located. To do that, we need the proper set of incentives. As I commented earlier, a couple of years ago our government came in with a package that changed the way in which the government taxed mining companies. It replaced the resource allowance with the actual amounts that the mining companies paid as royalties.

Some sectors of the mining industry, like the potash sector, received less of an allowance than they paid the Saskatchewan government in royalties. The government said that it would not do the formula calculation any more. Instead it would allow mining companies to deduct the royalties they paid to the government of Saskatchewan. Although other provinces have potash, it is a very dominant industry in Saskatchewan. When the government did that, the industry was very happy because it now could deduct the actual royalties it paid to the Saskatchewan government.

The mining sector has a whole range of base and precious metals. Diamonds, for example, are clearly precious metals. When we changed the tax regime, precious metals, if I recall, came out pretty well. A sector of base metals had mixed results in whether this was advantageous to it. At that time, the government, realizing that replacing the resource allowance with the royalties would create some winners and losers, put in the exploration tax credit at 10%, although some of us argued for 20%. That is a good mechanism to encourage the industry to explore and continue to explore for new discoveries.

That, coupled with the flow through shares, which the member for Saskatoon—Humboldt referred to as well, have resulted in a lot of good behaviour by exploration companies. When I say “good behaviour”, I mean behaviour that causes them to find new deposits. I am confident our government will continue to keep those instruments in place.

The mining industry is a sector which is sometimes characterized wrongly. Often we conjure up images of the mining industry as environmentally irresponsible and that it is a dirty industry. People in the industry have fought hard. They have had some issues they have dealt with, but they have also tried to approach Canadians and people internationally to convince them they are responsible managers, and rightly so.

This industry is very important for the economy of Canada. It operates in an environmentally sound way, and it deserves our support. It creates a lot of jobs in urban Canada as well. People think that mining is a rural job creating activity, but a lot of work has been done to show that jobs created in the mining sector in remote parts of Canada or in rural Canada impact a lot of jobs in urban Canada as well, whether they be financial managers or investment bankers.

• (1715)

I will be supporting Bill S-36. It is a good start. It also is a good signal that we have a very important industry Canada which we need to grow further.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I was interested in that the member was promoting the attractiveness of Toronto as being a centre of diamond processing. I suspect that maybe Yukon may have something to say about that, as well.

*Government Orders*

I wanted to follow up on a point that I discussed with the member earlier. This bill is an amendment to an act, so without the full act, it is a little difficult to understand. There are some subtleties which would tend to indicate how very careful one has to be in legislation to deal with the import and export of products, particularly in this case of rough diamonds or blood diamonds.

In section 15.(1), it prescribes that:

If imported rough diamonds arrive in Canada accompanied by a Kimberley Process Certificate that meets the requirements of section 14—

That is, the definition that they do constitute rough diamonds. It goes on to state:

—but are in a container that has been opened, the Minister may order the person who imported the rough diamonds to return them to the participant who issued the certificate.

I have not seen the regulations to this. One of the members from the NDP raised some very important points about the committee work. This is why I raise these questions. We may not have the answer, but the committee should be sure to get the answer. It has to do with a number of aspects.

First, this is permissive. It says the minister “may”. I am not sure why, but I always get nervous when I see the minister may do something. The minister either does it or does not it, and it is for a very considered reason.

The second aspect has to do with an open container. I do not know exactly how the controls are set up in the transport chain and whether they follow through to the acceptance of a package with a certificate. Clearly, if there is an open container, there may be a problem in the transportation and importation process which would require investigation. That has not been prescribed either.

My final point has to do with the rights of rescission or withdrawal of the importer of the rough diamonds to the extent that it is very likely arrangements have been made to fully pay for the shipment of the rough diamonds. The minister may have the authority to order the shipment to be returned. Now we have a case where someone who has in good faith imported rough diamonds for processing is losing. Where are the rights of the purchaser and how do we ensure that we do not have unintended consequences?

It is a range of questions. In a very modest bill such as this one, where it is an amendment to an existing act, one clause can have some elements that raise a lot of questions. I hope the committee will deal with these questions. That is why I bring them up now at second reading debate.

● (1720)

**Hon. Roy Cullen:** Mr. Speaker, my colleague from Mississauga South has an amazing capacity to zero in on some important aspects of every bill that comes before this House. Clause 15(1) is one of those.

We were chatting earlier about this. I do not pretend to have the definitive answers on this. However, I believe the member raises a good point, that at a committee the witnesses from the department could elaborate on this.

What I would think is driving this section is when there is a process which certifies that these diamonds are coming from a

certain area, then that process is like an ISO process. There has to be sterility in the process. There has to be the confidence that if a container is certified as containing diamonds, that container has been certified through the Kimberley Process. If the container has been opened, that challenges the sterility of that container. Maybe there have been conflict diamonds or blood diamonds mixed in with others. Perhaps someone with very bad intentions has done that deliberately. This is something that would not be tolerated.

This is where the government often wants to leave the minister some discretion. For example, maybe the container came through a tornado or a hurricane, a bolt of lightning hit the container, it burst open and this was visible to all who were present. If that discretion was unavailable to the minister, even though there was no concern about the legitimacy of these being Kimberley processed certified diamonds, the minister would be in the position of having to send them back.

I think the drafters have probably been quite astute in leaving the minister some discretion. However, the member for Mississauga South raises some very important points additionally, and that is the recourse. Is it enough only to say that the container goes back? It like coming across a crime and saying that we do not have to report it. We take the drugs and guns away and do not bother with it any more. I am sure that is not the intent. I am sure there are many more subtle things going on here than the wisdom that I have on this legislation.

I know the committee will examine this in great detail. Whatever we do, it applies to the comments I made earlier about a duty free zone and the question about sterility. We have all heard about a bonded warehouse. I use sterility in that sense, not in the sense that some members might think.

It is very important to have the controls to ensure that if duties and excise taxes have not been paid, this area must be controlled and sterile. The same principles apply here. If a person has a container that says they are Kimberley processed certified diamonds, then the container cannot be opened. It can only be opened under very controlled conditions. Otherwise, someone could mix in some of the other diamonds.

Then what assurance do we have? It is like an ISO process that has to be absolutely disciplined and rigorous so people who are buying that container have 100% confidence that those diamonds are the right ones, that they are not conflict or blood diamonds. They are uncut diamonds from Canada from the Northwest Territories or Ontario, and they have been tightly controlled so they will not be mixed in with other diamonds that would be a concern to the purchasers.

I am sure the section will be examined in some detail at committee.

● (1725)

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Speaker, I am sorry that the last answer was so long because I have a very good question.

Most of your speech was premised on the value added item and I think everyone in the House agrees that we should have more value added. Two billion dollars could have a great impact on our economy, but I thought you were suggesting that the federal government could force the diamonds to go there, which seems to me to be a great departure from the free market system. These produce 4,000 jobs—

**The Acting Speaker (Mr. Marcel Proulx):** Order. May I remind the hon. member that the comments are to come through the Chair, please.

**Hon. Larry Bagnell:** Mr. Speaker, my apologies.

Is the member suggesting we would tell oil companies where they can sell their oil? I would just like clarification on how the member thought these diamonds would get to Toronto if the free market had suggested they go elsewhere, because of course we want to keep this industry healthy, to keep the 4,000 jobs, of which many are for northerners and aboriginal people.

**Hon. Roy Cullen:** Mr. Speaker, I know this is a sensitive area and I do not bring it to the floor of the House lightly.

There might well be a lot of ways we could add value to these diamonds in Yukon and the Northwest Territories. I am certainly open to that, but we do have controls. For example, if we want to export a raw log from British Columbia, we have to get an export permit to do that and there are very tight criteria around that. If it is a matter of shipping uncut diamonds from Canada to Antwerp, or to send some of them to Toronto where we could have them processed, cut and polished, it is a very valid public policy matter. This is something that should be examined.

Perhaps some of these value added activities could be conducted in Whitehorse or Yellowknife. I have visited Whitehorse and it is a most amazing town with attractive, beautiful scenery, and great fishing and hunting. The people are staggeringly wonderful and energetic. They are just like the member for Yukon. In fact he is probably the embodiment of the wonderful people who come from Yukon.

Do not get me wrong. I love Yukon and the Northwest Territories. If we can add value to these diamonds there, so be it, but what I am told is that there is a stronger case to be made for adding value to those diamonds in a big city centre like Niagara Falls or Toronto.

Certainly, speaking for myself, I have an open mind to this and I think there might even be a compromise. In other words, we could set up a diamond trading centre in Toronto but then ensure that there were some value added activities taking place in Yukon or the Northwest Territories.

In the absence of that, do we think that DeBeers on its own volition is going to send these diamonds to Toronto in lieu of sending them to its own processing facilities in Antwerp? We need to be less naive if we think DeBeers would do that without someone saying to DeBeers that it needs to ship some of the uncut diamonds into some value added activities in Canada, that the diamonds were discovered in Canada.

## Government Orders

● (1730)

[Translation]

### CRIMINAL CODE

The House resumed from October 20 consideration of the motion that Bill C-65, An Act to amend the Criminal Code (street racing) and to make a consequential amendment to another Act, be now read the second time and referred to a committee.

**The Acting Speaker (Mr. Marcel Proulx):** It being 5:30 p.m., the House will now proceed to the taking of the deferred recorded division on the motion at second reading stage of Bill C-65.

Call in the members.

● (1800)

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 173)

### YEAS

#### Members

Adams	Alcock
Anderson (Victoria)	André
Angus	Asselin
Augustine	Bachand
Bagnell	Bains
Bakopanos	Barnes
Bélanger	Bell
Bellavance	Bennett
Bergeron	Bevilacqua
Bigras	Blaikie
Blais	Blondin-Andrew
Boire	Boivin
Bonin	Bonsant
Boshcoff	Bouchard
Boudria	Boulianne
Bourgeois	Bradshaw
Brison	Broadbent
Brown (Oakville)	Brunelle
Bulte	Byrne
Cannis	Cardin
Carr	Carrier
Carroll	Catterall
Chamberlain	Chan
Christopherson	Clavet
Cleary	Coderre
Comartin	Côté
Cotler	Crête
Crowder	Cullen (Skeena—Bulkley Valley)
Cullen (Etobicoke North)	Cuzner
D'Amours	Davies
Demers	Deschamps
Desjarlais	Desrochers
DeVillers	Dhalla
Dion	Dosanjh
Drouin	Dryden
Duceppe	Easter
Emerson	Eyking
Faille	Folco
Fontana	Frulla
Fry	Gagnon (Québec)
Gagnon (Saint-Maurice—Champlain)	Gagnon (Jonquière—Alma)
Galloway	Gaudet
Gauthier	Godbout
Godfrey	Godin
Goodale	Graham
Guarnieri	Guay
Guimond	Holland
Hubbard	Ianno
Jennings	Julian
Kadis	Karetak-Lindell
Karygiannis	Khan
Kilgour	Kotto
Laframboise	Lalonde

*Government Orders*

Lapierre (Outremont)	Lapierre (Lévis—Bellechasse)
Lastewka	Lavallée
Layton	LeBlanc
Lee	Lemay
Lessard	Lévesque
Longfield	Loubier
MacAulay	Macklin
Malhi	Maloney
Marceau	Marleau
Martin (Esquimalt—Juan de Fuca)	Martin (Winnipeg Centre)
Martin (LaSalle—Émard)	Martin (Sault Ste. Marie)
Masse	Matthews
McCallum	McDonough
McGuinty	McGuire
McKay (Scarborough—Guildwood)	McLellan
McTeague	Ménard (Marc-Aurèle-Fortin)
Minna	Mitchell
Murphy	Myers
Owen	Pacetti
Paquette	Paradis
Patry	Perron
Peterson	Pettigrew
Phinney	Picard (Drummond)
Plamondon	Poirier-Rivard
Powers	Ratansi
Redman	Regan
Robillard	Rodriguez
Rota	Roy
Saada	Sauvageau
Savage	Savoy
Scarpaleggia	Scott
Sgro	Siksay
Silva	Simard (Beauport—Limoulu)
Simard (Saint Boniface)	Simms
Smith (Pontiac)	St-Hilaire
St. Amand	St. Denis
Steckle	Stoffer
Stronach	Szabo
Telegdi	Temelkovski
Thibault (Rimouski-Neigette—Témiscouata—Les Basques)	
Thibault (West Nova)	
Tonks	Torsney
Ur	Valeri
Valley	Vincent
Volpe	Wappel
Wasylycia-Leis	Wilfert
Wrzesniewskyj	Zed- — 198

**NAYS**

## Members

Abbott	Ablonczy
Allison	Ambrose
Anders	Anderson (Cypress Hills—Grasslands)
Batters	Breitkreuz
Brown (Leeds—Grenville)	Carrie
Casey	Casson
Chong	Day
Devolin	Doyle
Duncan	Epp
Fitzpatrick	Fletcher
Forseth	Gallant
Goldring	Goodyear
Gouk	Grewal (Newton—North Delta)
Grewal (Fleetwood—Port Kells)	Guergis
Hanger	Harper
Harrison	Hearn
Hiebert	Hill
Hinton	Jaffer
Jean	Johnston
Kamp (Pitt Meadows—Maple Ridge—Mission)	Keddy (South Shore—St. Margaret's)
Kenney (Calgary Southeast)	Komarnicki
Kramp (Prince Edward—Hastings)	Lauzon
Lukiwski	Lunn
Lunney	MacKay (Central Nova)
MacKenzie	Mark
Menzies	Merrifield
Miller	Mills
Moore (Port Moody—Westwood—Port Coquitlam)	
Moore (Fundy Royal)	
Nicholson	O'Connor
Obhrai	Oda
Pallister	Poilievre

Prentice	Preston
Rajotte	Reid
Reynolds	Richardson
Scheer	Schellenberger
Schmidt (Kelowna—Lake Country)	Skelton
Smith (Kildonan—St. Paul)	Solberg
Sorenson	Thompson (New Brunswick Southwest)
Thompson (Wild Rose)	Tilson
Trost	Tweed
Van Loan	Vellacott
Warawa	Watson
Williams	Yelich- — 86

**PAIRED**

## Members

Ménard (Hochelega)

Neville- — 2

**The Acting Speaker (Mr. Marcel Proulx):** I declare the motion carried.

Accordingly, the bill stands referred to the Standing Committee on Justice, Human Rights, Public Safety and Emergency Preparedness.

(Bill read the second time and referred to a committee)

\* \* \*

[English]

**CRIMINAL CODE**

The House resumed consideration of the motion that Bill C-64, An Act to amend the Criminal Code (vehicle identification number), be read the second time and referred to a committee.

**The Acting Speaker (Mr. Marcel Proulx):** The House will now proceed to the taking of the deferred recorded division on the motion at second reading stage of Bill C-64.

**Hon. Karen Redman:** Mr. Speaker, I believe if you seek it you would find unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House with Liberals voting in favour.

**The Acting Speaker (Mr. Marcel Proulx):** Is it agreed that we proceed in this fashion?

**Some hon. members:** Agreed.

**Hon. Rob Nicholson:** Mr. Speaker, members of the Conservative Party will be voting no.

[Translation]

**Mr. Michel Guimond:** Mr. Speaker, members of the Bloc Québécois will be voting in favour of this motion.

**Mr. Yvon Godin:** Mr. Speaker, members of the NDP will be voting in favour of this motion.

[English]

**Hon. David Kilgour:** Mr. Speaker, I will be voting yes.

**Mrs. Bev Desjarlais:** Mr. Speaker, I will be voting yes.

**Mr. Randy White:** Mr. Speaker, I abstained on the first bill and I am voting the opposite on this one. I am opposed to the bill.

● (1805)

(The House divided on the motion, which was agreed to on the following division:)

*(Division No. 174)*

## YEAS

## Members

Adams	Alcock
Anderson (Victoria)	André
Angus	Asselin
Augustine	Bachand
Bagnell	Bains
Bakopanos	Barnes
Bélanger	Bell
Bellavance	Bennett
Bergeron	Bevilacqua
Bigras	Blaikie
Blais	Blondin-Andrew
Boire	Boivin
Bonin	Bonsant
Boshcoff	Bouchard
Boudria	Boulianne
Bourgeois	Bradshaw
Brisson	Broadbent
Brown (Oakville)	Brunelle
Bulte	Byrne
Cannis	Cardin
Carr	Carrier
Carroll	Catterall
Chamberlain	Chan
Christopherson	Clavet
Cleary	Coderre
Comartin	Côté
Cotler	Crête
Crowder	Cullen (Skeena—Bulkley Valley)
Cullen (Etobicoke North)	Cuzner
D'Amours	Davies
Demers	Deschamps
Desjarlais	Desrochers
DeVillers	Dhalla
Dion	Dosanjh
Drouin	Dryden
Duceppe	Easter
Emerson	Eyking
Faille	Folco
Fontana	Frulla
Fry	Gagnon (Québec)
Gagnon (Saint-Maurice—Champlain)	Gagnon (Jonquière—Alma)
Galloway	Gaudet
Gauthier	Godbout
Godfrey	Godin
Goodale	Graham
Guarnieri	Guay
Guimond	Holland
Hubbard	Ianno
Jennings	Julian
Kadis	Karetak-Lindell
Karygiannis	Khan
Kilgour	Kotto
Laframboise	Lalonde
Lapierre (Outremont)	Lapierre (Lévis—Bellechasse)
Lastewka	Lavallée
Layton	LeBlanc
Lee	Lemay
Lessard	Lévesque
Longfield	Loubier
MacAulay	Macklin
Malhi	Maloney
Marceau	Marleau
Martin (Esquimalt—Juan de Fuca)	Martin (Winnipeg Centre)
Martin (LaSalle—Émard)	Martin (Sault Ste. Marie)
Masse	Matthews
McCallum	McDonough
McGuinty	McGuire
McKay (Scarborough—Guildwood)	McLellan
McTeague	Ménard (Marc-Aurèle-Fortin)
Minna	Mitchell
Murphy	Myers
Owen	Pacetti
Paquette	Paradis
Patry	Perron
Peterson	Pettigrew
Phinney	Picard (Drummond)
Plamondon	Poirier-Rivard
Powers	Ratansi

*Government Orders*

Redman	Regan
Robillard	Rodriguez
Rota	Roy
Saada	Sauvageau
Savage	Savoy
Scarpaleggia	Scott
Sgro	Siksay
Silva	Simard (Beauport—Limoilou)
Simard (Saint Boniface)	Simms
Smith (Pontiac)	St-Hilaire
St. Amand	St. Denis
Steckle	Stoffer
Stronach	Szabo
Telegdi	Temelkovski
Thibault (Rimouski-Neigette—Témiscouata—Les Basques)	
Thibault (West Nova)	
Tonks	Torsney
Ur	Valeri
Valley	Vincent
Volpe	Wappel
Wasylycia-Leis	Wilfert
Wrzesnewskyj	Zed- — 198

## NAYS

## Members

Abbott	Ablonczy
Allison	Ambrose
Anders	Anderson (Cypress Hills—Grasslands)
Batters	Breitkreuz
Brown (Leeds—Grenville)	Carrie
Casey	Casson
Chong	Day
Devolin	Doyle
Duncan	Epp
Fitzpatrick	Fletcher
Forseth	Gallant
Goldring	Goodyear
Gouk	Grewal (Newton—North Delta)
Grewal (Fleetwood—Port Kells)	Guergis
Hanger	Harper
Harrison	Hearn
Hiebert	Hill
Hinton	Jaffer
Jean	Johnston
Kamp (Pitt Meadows—Maple Ridge—Mission)	Keddy (South Shore—St. Margaret's)
Kenney (Calgary Southeast)	Komarnicki
Kramp (Prince Edward—Hastings)	Lauzon
Lukiwski	Lunn
Lunney	MacKay (Central Nova)
MacKenzie	Mark
Menzies	Merrifield
Miller	Mills
Moore (Port Moody—Westwood—Port Coquitlam)	
Moore (Fundy Royal)	
Nicholson	O'Connor
Obhrai	Oda
Pallister	Poillievre
Prentice	Preston
Rajotte	Reid
Reynolds	Richardson
Scheer	Schellenberger
Schmidt (Kelowna—Lake Country)	Skelton
Smith (Kildonan—St. Paul)	Solberg
Sorenson	Thompson (New Brunswick Southwest)
Thompson (Wild Rose)	Tilson
Trost	Tweed
Van Loan	Vellacott
Warawa	Watson
White	Williams
Yelich- — 87	

## PAIRED

## Members

Ménard (Hochelaga)	Neville- — 2
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**The Acting Speaker (Mr. Marcel Proulx):** I declare the motion carried. Accordingly, the bill stands referred to the Standing Committee on Justice, Human Rights, Public Safety and Emergency Preparedness.

*Private Members' Business*

(Bill read the second time and referred to a committee)

**The Acting Speaker (Mr. Marcel Proulx):** It being 6:08 p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper.

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## PRIVATE MEMBERS' BUSINESS

• (1810)

[English]

### INCOME TAX ACT

**Mr. David Chatters (Westlock—St. Paul, CPC)** moved that Bill C-271, An Act to amend the Income Tax Act (tuition credit and education credit), be read the second time and referred to a committee.

**The Acting Speaker (Mr. Marcel Proulx):** Pursuant to order made earlier today, the motion for second reading and reference to the Standing Committee on Finance of Bill C-271, an act to amend the Income Tax Act (tuition credit and education credit) is deemed moved by the hon. member for Westlock—St. Paul and seconded by the hon. member for Cariboo—Prince George.

**Mr. Ted Menzies (Macleod, CPC):** Mr. Speaker, it is an honour to stand this evening and support a private member's bill put forward by my colleague who, unfortunately, is unable to be here. The hon. member for Westlock—St. Paul has put a tremendous amount of effort into the proposed legislation and it is most unfortunate that his health will not allow him to be here to actually speak to this tonight. Therefore I will attempt to fill that spot.

Bill C-271 is an act to amend the Income Tax Act to do with tuition credits and education credits. It amends the act by extending the tuition credit and education credit to individuals who follow a formal course of instruction given by a qualified music teacher for students 16 years of age and older.

At first blush, one might say that this is a bit of a narrow focus but when we do the research on this, as my hon. colleague has, we find that it is a very important issue. Many studies have been done on the value of this sort of encouragement for further education specifically in this field of music.

Bill C-271 would level the playing field for students who wish to pursue music education and also for the music teachers industry. In doing the research we find that it is quite a large industry. A good number of individuals are involved in this.

A constituent of mine provided me with some information on this. There are currently 20,000 private music teachers in this country with an average studio size of 15 to 20 persons per week. We are talking about potentially 400,000 people, so it is much larger than at first might be suggested.

I would remind the House that constituents in my riding of Macleod are impacted by this and concerned enough about it that they have written letters to me and I am sure other members of the House have received those sorts of requests for us to give serious consideration to the bill.

The Income Tax Act currently allows for a tax deduction for individuals who are enrolled in an education institution that is certified by the Minister of Human Resources and Skills Development to be providing courses, other than those designed for a university credit, that furnishes a person with skills for or improves a persons skills in an occupation.

Bill C-271 would extend this same tax deduction to individuals pursuing an accreditation in music from a qualified music teacher, and that is an important part of this. It is only from qualified music teachers.

The formula for calculating the tuition credit and education credit for students pursuing an accreditation in music, as provided in Bill C-271, is simply the same formula that is used to calculate the standing current tuition credit and education credit for students who are already enrolled in post-secondary education.

This of course is certainly under the certification of the Minister of Human Resources and Skills Development and provides courses other than those designed for university credits and it furnishes a person with skills for or improves a persons skills in an occupation.

Bill C-271 has several accountability measures that are very important to the Conservatives in the House because we are always concerned about accountability. We have seen such a lack of it in the House and in the government that accountability is very important. We do not support anything that does not bring accountability into it.

This accountability measure would protect against tax fraud, which also is important. Individuals can only claim a tax deduction for music lessons if they are enrolled in a course of instruction that leads to a diploma. There is an end to this that has to culminate in a diploma before any tax credits are allowable.

The course must be given by a person who is certified by the Minister of Human Resources and Skills Development to be a qualified music teacher and is in the business of giving music instruction. It is very specific in the accreditation of the teachers and of the roles of the students.

• (1815)

In addition, individuals must prove their enrolment by filing a certificate issued by the qualified music teacher with the government. We are never too excited when we see more government interference but if we are going to provide accountability then this is a necessity in this case.

Bill C-271 sets out criteria for the Minister of Human Resource Development to apply when determining eligibility for qualified music teachers. Under the bill, the minister must certify any person who holds an associate or licensed diploma in music, teaching or as a solo performer and that is granted by a designated educational institution, holds a bachelor of music degree or higher in instrumental music, voice or theory, or is a member of a provincial music teachers association.



I am sure a lot of members of the House are not aware that there are provincial music teachers associations. In fact, the author of the bill has consulted very closely with these music teachers associations to ensure they are comfortable with this and understand all the implications. They were all very supportive of it and are looking forward to seeing it happen.

The Conservative Party believes in greater accessibility to education by eliminating as many barriers to post-secondary education as possible. The transfer will be distributed to provinces and territories on the basis of the numbers of enrolled students. We believe strongly that provincial jurisdiction must be respected. I am sure there will be some people who would suggest that certainly this is provincial jurisdiction but it is important to remember the overarching role of the federal government in this. It does have to play a role in addressing tuition and standards.

Analysis conducted by the Library of Parliament suggests that the costs associated with the bill would be negligible. It makes everyone on this side of the House quite happy when we can actually accomplish something without a burden on the taxpayers.

In addition, the cost to the treasury of extending the tuition credit, an education credit to individuals who follow a formal course, would be partially offset by the tax collected from the music teaching business as a result of increased enrolment. That is a strong argument for supporting this because not only will it encourage students to further their educations but it will expand on an already existing and vibrant music industry. We all know that it will help make the world a much happier place if we have more people who actually know how to play musical instruments.

I would take myself as the exception because I am not much good at playing any instrument but I envy those who can and, especially for those who have the talent, we need to provide them with the opportunity to take part in this at a reasonable cost. We also need to encourage those teachers to continue their business. Lots of these teachers have had wonderful careers in the music industry and can impart some good information, knowledge and advice to the students. Any way we can encourage that I think would be great.

This would create greater access to an alternative form of education. Not everyone fits in the mould like we all think they should. I know some very talented young people who would benefit if we were to extend the tuition credit and the education credit.

We must also be aware that Bill C-271 is a job-creating bill. It is designed to help the students but it is also designed to help the teachers. It would serve to not only create more and better paying careers for music teachers as a result of increased enrolment but it would also provide individuals who receive music accreditation with better paying careers. Hopefully it would increase their musical talents or at least help them to take advantage of that.

• (1820)

The music teaching industry has started a letter writing campaign in support of this legislation. I am sure that hon. members have been aware of this and I certainly hope have answered in the affirmative that they are going to support this bill. The Conservative Party believes that greater access to education is an essential component to creating a more productive economy.

### *Private Members' Business*

Further to that, I might remind the House that it was only a few weeks ago that our leader actually put forward a very positive education proposal to help those who are not necessarily going to pursue a university education. We very much require more tradespeople. We will never see a more glaring example than in my province of Alberta. We are so short of labour in Alberta right now, with the booming oil industry, that we cannot find enough tradespeople to build the facilities that we need to help produce the oil and gas that heats the homes all across this country and also in the United States of course.

We are very much encouraged with the support we have of continuing the unfettered flow of oil and gas across the border, much to the surprise of some of the members opposite who might suggest we use that as a tool. That cannot happen. It is not a federal jurisdiction. We do not want to see that happen.

I am getting a little off topic. The issue is that it is not only the music industry that can benefit from looking outside the box. Not everyone needs a university education. Our leader put forward ideas to encourage tradespeople by helping them buy their equipment, encourage instructors to add to their programs to help students get the required trades skills that will be needed in the future, and to encourage the industries to develop apprenticeship programs. This bill very much fits into the mindset that the Conservatives have of encouraging education not only for youth, 16 and older, but for all those interested in contributing in other than just university roles.

Canada is very rich in musical talent and I envy people from the Maritimes. They seem to have much more talent. Albertans seem to be quite talented at extracting oil and gas from the earth, but we see the talents that the folks have in Atlantic Canada. Maybe we can teach more of these young Atlantic Canadians and they can impart some of their talent on those of us in western Canada. That is not to say we do not have a lot of talent in that part of the country.

I found some other interesting notes that I would like to share with the House. According to a benchmark study done for the Coalition for Music Education in Canada, funding for music programs is not keeping pace with demand and, hence, the need for this new piece of legislation. Quebec and Ontario have seen the largest decrease in the size of music programs, and time and financial resources are the biggest impediment to implementing these programs.

Other studies have found that the benefits of musical instruments are numerous other than giving us a lot of entertainment value. We all enjoy listening to those who are talented. Students involved in music programs actually show an increase in their IQ. I will not go into any further comments about how much music is needed in the House, but I think we all know that it would certainly help.

Music increases SATs, and the ability for students to retain more knowledge. It lowers their stress levels and increases their enjoyment of school, and goodness knows we could use more of that.

• (1825)

I will wrap up by quoting a researcher from the University of California in Irvine which stated:

*Private Members' Business*

Taking piano lessons improves specific math skills in elementary school children, according to a study by UC Irvine researchers. Piano instruction is believed to enhance the brain's "hard-wiring" for temporal reasoning the ability to visualize and transform objects in space and time. Music specifically helps with fractions and proportional math.

I support this bill and urge my hon. colleagues to do the same.

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.):** Madam Speaker, there is not much doubt on all sides of the House that this is a commendable initiative.

I want to ask my hon. friend a number of questions. What would he say to a parent who has a child who is not musically inclined but is a dancer for instance? Would he extend this kind of tuition credit to somebody who is interested in art, or somebody who likes horseback riding, or somebody who plays hockey?

If this kind of personal enrichment credit were extended to people outside the formal education system, why would any of the demands from other parents with children who are personally enriched in other areas be less worthy than those in this particular bill? Is my colleague aware of what credits and deductions the Government of Canada already gives for music students and other students?

**Mr. Ted Menzies:** Madam Speaker, we look at this as a wonderful first step and we are not suggesting this should be the end. Unless I am mistaken, this Liberal government has been in place for almost 13 years and we have not seen this type of forward moving, encouraging legislation for young people. I guess we need a private member's bill to do the government's work. It is interesting to note that those members stand up and criticize a good step like this when they have had 13 years to bring it forward.

I would put this as step number one. We would certainly like to take it further, but one step at a time. If we can get the members on the opposite side of the House to support this, and I certainly hope they do, then we would be encouraged enough to bring some other forward looking legislation before the House again.

I do not have all of the dollars and cents on the credits. As I said in my remarks, it is very minimal, almost nonexistent. It would be offset by the tax credits and the taxes collected by the teachers who have more jobs.

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** Madam Speaker, I am very excited about this private member's bill because at one point in my life I was a music teacher. This bill is exciting and forward thinking. It would build small business and enhance the music that we need in this world.

Research has shown that if children are musically trained their brain develops. Mathematics and music and all those kinds of things do good things toward the development and the educational potential of our students.

We know in terms of credits that any small businesses get write-offs in terms of their homes such as hydro et cetera. However, it is very expensive to pay for music lessons. Over a number of years the costs add up. How many students would be encouraged to keep up with music studies if there were some financial benefits?

We have two daughters who are violinists. It is very costly to keep those kinds of lessons up. This happens to many families across our nation. Members on this side of the House are trying to speak to the

needs of middle and low income families. Could the member please speak to this issue?

• (1830)

**Mr. Ted Menzies:** Madam Speaker, I will refer back to some of the research that was done by the hon. member from Westlock—St. Paul. I once again commend him for the tremendous effort that he put into this. We are looking at 400,000 people involved in the present program. I would not want to speculate how much that number would grow, but in 10 seconds I think it would grow immensely.

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance, Lib.):** One has to enjoy this position, Madam Speaker, because one hears a lot of ideas, some of which are more commendable than others and in terms of the idea itself, this is not a terrible idea. However, when we begin to unpack it, as I hope to show over the next few minutes, it does not stand the sniff test.

The bill is intended to extend a tuition tax credit and an education tax credit eligibility requirement to include courses of education given by a qualified music teacher. Under the bill instruction provided outside, and this is a critical point, the formal education system by a qualified music teacher would become eligible for the tuition tax credit and education tax credit. The bill also proposes that the Minister of Human Resources and Skills Development be given authority to certify music teachers for the purposes of these two tax credits.

The intent of the bill is commendable. Hopefully, it would in fact encourage participation by Canadian students in music and I would not argue with any of the benefits that the hon. member outlined in terms of music lessons and playing music. However, the Government of Canada and in fact all governments have a long standing resistance to extending tax credits and deductions, and things such as that to what are essentially personal enrichment exercises. As I said in my question, if it is not music then it must be dance and if it is not dance then it must be some other cultural activity, whether it is art or something of that nature. If it is not a cultural activity, then why could it not be a sport activity?

Any of us who are parents are spending considerable sums of money on the enrichment of our own children, however, we do not spend that money with the anticipation that somehow or another the government should share in that enrichment exercise.

Since 2001 almost \$740 million has been provided in all aspects of the creative process by encouraging excellence among Canada's artists, promoting arts and culture among the population as a whole. In budget 2005 we put in new funding in the amount of \$860 million which is to take that initiative from 2005 to 2010.

*Private Members' Business*

I would like to discuss the tax measures that the bill proposes to amend. Tuition and education tax credits are the principle measures through which the federal income tax system recognizes the cost of post-secondary education and occupational training. As we will see, the tax assistance is quite generous. In 2005 alone, it is estimated the education related tax measures will reduce taxes paid by students and supporting persons by approximately \$1.5 billion which represents 45% of direct federal assistance to individuals for post-secondary education and occupational training.

These tax measures include: a tax credit for tuition fees in excess of \$100, an education credit based on an amount of \$400 for each month of full time attendance or \$120 for each month of part time attendance, provided in recognition of non-tuition costs of post-secondary education or occupational training, for example, the cost of textbooks, supplies or tutoring.

When a student has insufficient income to take full advantage of the education and tuition tax credits, unused amounts can be transferred up to a maximum of \$5,000 per individual. Students can carry this forward indefinitely. The first \$3,000 of bursary and scholarship income received by students is tax exempt. Graduating students can benefit from a tax credit or interest paid on Canada student loans comparable to provincial government student loans programs.

Within this extensive tax support, the tax credits recognize that students pursuing post-secondary education or occupational training invest in their education to increase their future earnings. These two tax credits are available to all students enrolled in post-secondary education including music students, provided those courses are taken at a university, a college or CGEP, or any other post-secondary institution, or an educational institution providing non-university courses that furnish or improve that person's occupational skills, provided the institution is certified by the minister.

● (1835)

I must stress that as long as a music student is within the educational system as such, be it a university, college or a CEGEP, or as long as that student is taking these courses and expending these moneys for the purposes of improving an occupational skill, the government is there to support them. However, if the student is taking a course that is outside of those parameters and it is simply for personal enrichment, then the government does not support activities that are personally enriching. Otherwise, as I said, there would be no end to the requests on the part of taxpayers to support their particular personal enrichment.

Well over 4,500 of these institutions across the country have received certification. These privately run institutions offer training in areas that include informatics, business and management skills, piloting, and of course, music lessons.

We can see that the Income Tax Act already includes provisions to ensure that students who take music courses at a recognized institution outside of a university or college, with the hope of pursuing a career in music, can claim tuition and education tax credits.

The Income Tax Act already includes provisions that ensure that schools that provide music lessons outside the formal post-secondary

education system can in fact issue tax receipts for the tuition credit, provided these courses or lessons are aimed again at improving occupational skills. These schools again must be certified by the minister.

I hope members will agree that the post-secondary music courses and training are already more than adequately recognized under the Income Tax Act, both from the viewpoint of the student and from the viewpoint of music schools and music teachers that operate outside the formal education system.

If the intent of Bill C-271 is to ensure that post-secondary music training is recognized for tax purposes, then the proposed amendments are superfluous and should be rejected by the House. However, if the intent behind Bill C-271 is to extend tax recognition to all music courses taken by all Canadians, then the bill raises some very serious fairness issues.

Indeed, it is a matter of principle that the Canadian income tax system should not recognize discretionary personal expenses.

As previously stated, the tuition and education tax credits have a specific purpose, namely, to recognize costs incurred by students in post-secondary education or occupational training. Extending those two credits to all music students, regardless of why they take their lessons, would significantly change the nature of those two credits from recognizing education related expenses to recognizing expenses related to music courses taken for personal enjoyment or personal development of the individual.

There is no doubt about the value of taking lessons in music, dance, art or whatever. That is not the argument here. There is no rationale from a tax policy perspective to provide a tax credit to Canadians in recognition of the costs of music lessons if they are only for the purpose of personal enjoyment.

I hope that over the previous few minutes I have made the distinction that if a student is there to improve his or her occupational qualifications, the government is with the student. If a student is there to pursue post-secondary education, the government is with the student. However, if the person is there merely to enrich his or her own personal development, then frankly that should be done at the person's own expense.

There is also no reason to provide tax relief for music students and not for other individual personal development. As I have said, we could outline all the other areas of personal development that Canadians may wish to pursue, but not necessarily claim tax credits, including such things as dance lessons, sporting activities and memberships in any number of local clubs and the like.

I hope I have persuaded members over the course of these last few minutes that this bill should fail for the reasons outlined above. The government is there to support people who are pursuing occupational qualifications or post-secondary qualifications. However, the area of personal development is not one which the government or the taxpayer for that matter should be asked to support.

*Private Members' Business*

●(1840)

*[Translation]*

**Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ):** Madam Speaker, it is a pleasure for me to speak today on Bill C-271, to extend the tuition credit and education credit to individuals who follow a formal course of instruction given by a qualified music teacher.

I want to congratulate the member for Westlock—St. Paul on his bill.

I also want to say that, although they do not get the same media coverage as government bills, many private members' bills have a significant impact on the lives of thousands of people. Bill C-271 is one such example.

As members of the House, it is our privilege to introduce bills. Most of the time, these bills are extremely important to the public. I intend to take advantage of this privilege in due course to benefit my riding and my constituents.

First, I want to say that the Bloc Québécois supports the principle of Bill C-271, an act to amend the Income Tax Act (tuition credit and education credit). This is an important bill because it will allow hundreds of music teachers to issue an income tax receipt to their students. Currently, tuition expenses cannot be claimed for courses provided outside post-secondary institutions, meaning universities and colleges.

Education has always been a priority for the Bloc Québécois, and Bill C-271 moves in that direction. How can we oppose an initiative that will allow more musicians to take upgrading courses by limiting their financial losses? Ultimately, this bill attests to the public's interest in music.

My riding is no exception. For example, in my riding of Chicoutimi—Le Fjord, the Chicoutimi school of music currently boasts 700 students, including some 100 in an integrated arts program. Such an initiative will have a direct impact on the wallets of some parents, who are paying hundreds of dollars a year.

The music field is a major strength of my region and the Saguenay. The many music schools, the Conservatoire de musique de Saguenay, the Festival de musique du Royaume, the Orchestre symphonique du Saguenay—Lac-Saint-Jean and the Société d'art lyrique, the many choirs and choral competitions are just a few examples of a region that hums to the beat of music.

This bill will be good, therefore, for a region like mine because people who decide to take music courses from a private teacher in order to acquire or perfect skills will be entitled to the same credit as people who go through the traditional education system.

On another note, the Bloc Québécois is concerned about federal government intrusion into an area under Quebec's jurisdiction. As we well know, the federal government has had a bad habit for years now, when it transfers money to the provinces, of dictating and demanding in return certain Canada-wide conditions and standards. We need only think of parental leave and the gas tax.

●(1845)

Quebec has to fight all the time to save and protect its jurisdictions such as health, education, municipalities, and so forth.

As a member of the Standing Committee on Finance, I can attest to that. I just returned from some consultations in Canada in the four western provinces. Also as a member of the Standing Committee on Finance, I have had the opportunity to meet many representatives of organizations that came to testify in committee.

Quite frankly, there are two visions in Canada, two ways of seeing things. In Quebec, we want our jurisdictions protected and respected. Outside Quebec, we see that people or many organizations and association representatives want national standards from sea to sea. Those are the two visions we have in Canada.

That is why we have this concern about the federal government becoming involved or intruding in the responsibilities of Quebec and the provinces. It is important, therefore, for the federal government not to erect any barriers or make any requirements in regard to music diplomas.

I would like to finish my remarks on the Bloc Québécois' support in principle for Bill C-271. In conclusion, I would like to congratulate the member on his initiative with this bill. I would like to ask him to provide a few specifics in regard to the concerns that I just raised, namely the fact that the federal government might be tempted to try to intrude on a jurisdiction belonging to Quebec and the provinces.

●(1850)

*[English]*

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Madam Chair, I thank my hon. colleagues for this opportunity to speak on an important principle, one that the New Democratic Party supports.

Throughout the lifelong participation of Canadians in the education system, but oftentimes within government, there is a very narrow focus, a focus that includes only those times when Canadians are involved in the formal education system and not the extension of that education beyond and throughout the lives of Canadians. Report after report and study after study demonstrate the need for Canadians to involve themselves in the pursuit of education and the betterment of their lives throughout their lives.

While we support the intent of the bill, we have a number of questions that cause us some concern. I will outline a number of them as I address the bill tonight in the short time made available to me.

It is interesting to hear the call for the increase in access to education, as the member from the Conservative Party suggested tonight, while there is an intention in the opposite direction.

It is quite ironic to hear from the Liberal Party that somehow there is investment and direction from the party toward lifelong education while at the same time we are witnessing unprecedented growth in the amount of debt load being incurred by our students in this country today. Students are simply trying to improve themselves, become more viable members in our economy and make Canada once again a competitive nation.

The irony abounds. It must not go unaddressed. In the rhetoric on the promotion of education as a principle, that too must be met with action. The numbers speak loudly in black and white. Year in and year out for the last 14 years, the average debt load for a student leaving post-secondary education in Canada has been increasing by \$1,000 per year. That is an unprecedented and dramatic rise in the debt load that we are asking our students to incur as they go forth into the world and try to better themselves in society.

The bill also speaks quite dramatically to the precipitous decrease in the music options and the arts in general being offered through our public education system. There is a need for me to emphasize each of those words: public education system.

At one point I had the misfortune of being in education under the Harris regime here in Ontario. I have since found myself living under the auspices of the eminent Premier of British Columbia, Gordon Campbell. Both of these so-called leaders brought forward an assault on our education such as has very rarely ever been seen in the Canadian political spectrum.

It was a piece by piece death. It was death by a thousand cuts to our education system and to those educators hoping to provide a sound grounding in education for our students. Music programs have eroded. Physical education has eroded. Piece by piece under conservative governments, whether in name or in action, we have been brought to a point where parents are desperate to find whatever forms of artistic education and betterment they can for their children. This must not go unchecked.

It is ironic that at a time when there are many serious issues facing our country when it comes to education we are presented with a bill that is in a sense a one-off and does not capture the debate.

The debate is about the Liberal government promise to restore to the provinces the \$4 billion in social transfers that has been taken out of the system. The system has been gutted. The promise was to restore that to the provinces in order for them to be able to properly administer the education system, which they are primarily responsible for. Instead we are talking about a one-off tax credit for what is an important yet narrow field of education, as opposed to the gutting of our education system, which was initiated by the federal government and then encouraged by governments such as the Harris and Campbell governments.

We have talked a lot about the investment in our young people and investment in Canadians in this pursuit of lifelong learning, yet it comes down to the initiation of a tax credit rather than the proper funding of the public programs that are already in place. The instruments are in the room, the teachers are ready to teach, and yet we find conservative government after conservative government, supported by a federal Liberal government, willing to take the fight to the teachers themselves as opposed to taking the fight to the problem, to the challenge of preparing our teachers and our young people for the world we face.

● (1855)

That world we face requires the creativity and ingenuity spurned by those very musical and artistic programs that existed in our public schools but have slowly and quietly been eroded. This bill addresses some small part of that by moving it into the private sector and

### *Private Members' Business*

suggesting that this is enough, by suggesting that this is how we are going to compensate for a continual and consistent erosion of our public education system. Obviously, it is not enough.

Let me speak for a brief moment about an experience of what education in the music and the arts can bring to a community. In my northwestern community of British Columbia, a youth fiddling group started up some years ago. I had the pleasure of working with this group, developing them, encouraging them to go further afield, and watching what the principle of their education system was.

This is a small group made up almost entirely of volunteers and parents who encouraged extraordinarily young people to get involved in fiddle music, as simple as that may be. One might suggest that this was only for the enjoyment of that music, but this group had taken on the principle of what it is to be in a community, to exist within a community and within a larger family, in supporting these young people who have now toured our province and plan to tour the country.

The group has grown to almost 100 young people. The parents are intimately involved in these students' education. Their education through this music has become a vital part of these children's lives, allowing them to prosper and allowing the community and the families to strengthen. We need to encourage such initiatives wherever we can.

Without addressing this fundamental question of the role of public education in our system and the role of public education in the arts, and allowing for what is at best a well intentioned but overly narrowly focused piece of legislation, it is difficult to reconcile. It is difficult to turn to the teachers in British Columbia and to the parents putting their children in those schools, who have been watching the slow and steady deterioration of the services available to special needs children and to all children who enter our public system.

It is no longer acceptable. It is time for the federal government and all parties in the House to raise the cry and finally acknowledge that an investment at this point in a young person's life makes all other investments pale in comparison.

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** Madam Speaker, I am very happy to put some comments on the record about Bill C-271, an act to amend the Income Tax Act.

I must applaud the member for Westlock—St. Paul. This very progressive bill has addressed a problem that has been touching on the education of our young people and the lives of our students and music teachers here in Canada. I can tell members from experience that I know well what it is like to have music students come to my home. It is something that I did at one time. I have to say that this private member's bill is long overdue.

First of all, I was appalled at the comments I heard from members on the other side of the House, particularly those from the Liberal Party.

Number one, what was said was that they have no problems with cash credits being given to students who go to formal institutions to get their education, but let me tell members a little about the kind of education that students get from certified music teachers.

*Private Members' Business*

A certified music teacher who is giving music lessons out of his or her own home takes the children through grade levels. There are standards. There can be music programs like those from the Royal Conservatory of Music. The music teachers give the lessons. The children do a lot of practice and cannot progress until they actually take the examination at the end of the year. If they pass the examination, they go to the subsequent grade.

This helps a lot of students, particularly students in rural Canada. There are schools of music all over Canada, but I would say that most of them are centred in major cities. Many of our students in our rural areas are at a disadvantage because of the cost of having to leave their homes and get their education elsewhere.

This is about investing in the future of our students. It is lifelong education. Members opposite often talk about lifelong education. Here today we saw a dismal display of the understanding of what education is all about. Clearly, music teachers, 20,000 of them across our country, are watching this and saying, "What are they saying? What are they talking about?" Clearly, there is a high standard of education from certified music teachers.

The downside is the cost to parents. As I say, I applaud the member for Westlock—St. Paul for putting this much needed bill forward because many parents and students cannot afford the cost of extended music lessons. When students go through the public or private school systems, the cost of everyday life is great. The cost of books is great. The cost of education per se is great.

Over and above that, there are a lot of students who would like to become musicians and music teachers. They would like to achieve those kinds of goals. But in actual fact, by the time the cost of the instrument is paid for, whether it is a violin or a piano or another instrument that one wants to play, we find that these are very expensive. Some of them run into hundreds and thousands of dollars.

Qualified music teachers who build a home business of teaching students do much to contribute to the economy in their particular district. What I hear from members opposite is that there are merits in the bill and yet they divorce their support from this bill based on the fact that this is what we call homegrown business. Not only is it homegrown business, but it is formalized education outside the parameters of the bricks and mortars of institutional schools of learning.

● (1900)

Many students have reached very high standards and have gone to Julliard or to extended music schools all over the world. Where did they start? They started at home with a qualified music teacher, teaching them grades 1 through 9 formally, with the counterpoint and the other kinds of educational expertise they have to learn to get to a certain level before they can go further. They have a whole basis of formalized education that opens up a whole new world to them.

I came from a small place in southern Manitoba called Wakopa, a little hamlet, on a farm. My parents never had the kind of money that we needed to get through school. A lot of us took music lessons with the local music teacher.

Members opposite are playing the violin as if this is a story they do not want to hear. However, this is a very serious issue and it is a very progressive bill. I would call on members on all sides of the

House to support the bill. It accommodates the education of many students throughout Canada, many students who would otherwise not develop.

Many music students are happy being able to study their music. They are happy to enjoy the music and the development it offers them. Apart from that, it is also a great part of the education of Canadian students. Many students would attest to the fact that. Because of those certified music teachers, their lives have been changed. It has opened up new worlds to them. It has helped them to develop as individuals. It has provided jobs for them.

Having some tax breaks and credits is of paramount importance to the education of our children. Members on all sides of the House have to look carefully at the attributes of music teachers. Music teachers have a one-to-one individualized relationship with their students. That helps the students to have a vision on how they can develop and grow. Once they get their basic music, then they can go on to all sorts of different fields. I know first-hand of students who have taken their basic music degree or music education and then later have gone to higher levels of education.

In some rural areas, as these students get into the higher levels of grades 9 and 10 or into their ARTC music degree, they will teach the beginner students as well.

The bill has a lot of merit. It has a lot to say about understanding the education and lifelong learning of individuals in our nation. We need to build a high standard of education. We need to encourage individuals, no matter what their backgrounds are or how much money they have. We need to give individuals a vision of who they can be. In many places, especially in rural Canada and in our urban areas as well, that certified music teachers provide that opportunity.

We talk about the feel good kind education and the enhancement of the well-being of somebody. However, it also very difficult formalized education. Anyone who has ever studied music would understand that. Anyone who has ever gone through counterpoint would understand the logistics of that kind of education as well.

We need to give a lot of support and credit to the students in our nation and to the 20,000 music teachers who work on a daily basis to help their students reach their highest levels of learning.

Over and above that, across the nation we have festivals where students can compete and understand what it is like to receive an award for their singing or for their playing. Many communities have music festivals that teach other kinds of skills as well, and they have built-in toastmasters.

● (1905)

I fully support Bill C-27. It is an extremely progressive bill that should have been in this House of Commons a long time ago. The Liberal Party has been in power over a decade and this has not come up in the House.

The teachers and the students in music have done very well. If there is anything the government can do to support their lifelong learning, it should be done. I would like to even see some things extended, where the price of instruments, et cetera are also included.

*Private Members' Business*

To conclude, the bill would add to the well-being and high educational standards to which every student wants to attribute themselves.

[*Translation*]

**The Acting Speaker (Hon. Jean Augustine):** The time provided for the consideration of private members' business has now expired and the motion is dropped to the bottom of the order of precedence on the order paper.

[*English*]

Pursuant to order made Thursday, October 20 the House shall now resolve itself into committee of the whole to consider Government Business No. 19, I do now leave the Chair for the House to go into committee of the whole.

[*For continuation of proceedings see Part B*]

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CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, October 25, 2005  
(Part B)**

—

**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Tuesday, October 25, 2005

*[Continuation of proceedings from Part A]*

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## GOVERNMENT ORDERS

*[English]*

### SOFTWOOD LUMBER

(House in committee of the whole on Government Business No. 19, Hon. Jean Augustine in the Chair)

**Hon. Tony Valeri (Leader of the Government in the House of Commons, Lib.)** moved:

That this committee take note of softwood lumber.

• (1910)

**Hon. Jim Peterson (Minister of International Trade, Lib.):** Madam Chair, I am very pleased to have this opportunity to bring the House up to date on our efforts to resolve the softwood lumber dispute with the United States.

*[Translation]*

The softwood lumber dispute is a vital issue affecting all Canadians. This dispute has already been going on for too long. I want to assure the House that the government is highly committed to resolving this dispute, which in fact is its top trade priority with the U.S. I can assure you that the government will steadfastly pursue its efforts to have the duties lifted and to get the deposits back.

We are continuing to work with our Canadian partners. Our collaborative relationship with the provinces has greatly helped maintain a united Canadian front vis-à-vis American protectionist interests. The continuing efforts of our Canadian industry to enhance its productivity and remain competitive in spite of the burden of this dispute are also laudable.

*[English]*

The importance of our relationship with the United States is lost to no one. We trade \$1.8 billion worth of goods and services every day, 86% of our exports go to the U.S., 300,000 people cross the border every day, a truck crosses this border every two seconds. We are the largest trading relationship the world has ever seen.

In fact, it is because of the importance of this relationship that we negotiated the NAFTA in the first place. We wanted a rules based agreement with a dispute settlement mechanism that would bring certainty to our primary trading relationship.

For the NAFTA to have the integrity we all need, it is not good enough for the rules to be followed only when they are convenient.

Despite the unanimous extraordinary challenge committee ruling on August 10, the United States still refuses to revoke the duty orders and refund the \$5.1 billion in deposits. This is unacceptable. The bottom line is that the NAFTA cannot lead to North American solutions if settlements under its provisions can be overturned by special interests. The NAFTA must be respected.

To protect the NAFTA, we have engaged in a four track approach on softwood lumber, involving advocacy, litigation, retaliation and finding new markets.

We have engaged U.S. officials at the most senior levels. The Prime Minister discussed the dispute with President Bush, most recently a little over a week ago. The Prime Minister underlined the need for prompt and faithful implementation of NAFTA decisions. This is necessary if we are to preserve the NAFTA's integrity. President Fox of Mexico joined with us, and we welcome his support for respecting the NAFTA.

I have discussed the issue with Commerce Secretary Gutierrez and the U.S. trade representative Rob Portman and I have raised it with the ambassador to Canada.

*[Translation]*

Ambassador McKenna and our consuls general to the United States are meeting with state and local leaders to explain our position and gain their support. When the Prime Minister, my cabinet colleagues, the ambassador and the consuls general of Canada will be addressing American citizens and business people in the months to come, they will emphasize our concerns about the softwood lumber dispute, the threat it poses to NAFTA and the negative impact of duties on employment in the United States as well as on access to home ownership, an essential part of the American dream.

Canada is also working together with a number of like-minded American organizations, which believe that the duties adversely affect American companies, workers and consumers as well. Illegal duties on Canadian softwood lumber not only have a negative impact on many American industries dependent on softwood lumber, but ultimately they represent a disguised tax for American consumers.

Through our lobbying efforts, we are making Americans realize the burden these duties are putting on their everyday lives.

*Government Orders*

•(1915)

[English]

We are fighting our battles in the courtroom as well. On the litigation front we are aggressively pursuing legal challenges under the NAFTA, the WTO and before the U.S. Court of International Trade. Of these legal challenges, our key focus remains the U.S. Court of International Trade, where, if successful, the United States will be compelled to revoke the orders and refund our deposits.

On the issue of retaliating against our neighbours, I can tell members that this is not our preferred course of action. We have requested authority from the WTO to retaliate against the United States in three separate cases. These processes will take time and any retaliation would be preceded by consultations with Canadians.

Hon. members should also be aware that the government is working with the lumber industry to find new markets for Canadian lumber, capitalizing on our strengths in markets outside the United States. We cannot afford to miss opportunities in emerging powers, such as China, India, Brazil and Korea.

[Translation]

In support of these efforts, two weeks ago my colleague, the Minister of National Revenue, announced a \$2.5 million investment in the Chinese market.

I have also asked that softwood lumber become a priority of our Canadian missions. We are continuing our close cooperation with the provinces and industry as part of the Canada wood export program, to help Canadian softwood lumber producers.

[English]

The government is sensitive to the impact the softwood lumber dispute has on communities and workers across the country. No other industry in Canada has been subjected to the same degree of U. S. trade actions as the lumber industry.

In response, the government has made available \$356 million in federal assistance to forestry workers, communities and industries. In addition, I announced that \$20 million would be made available to assist industry associations with their legal expenses in fighting this long-standing dispute. The Minister of Industry has said that he will shortly bring forth a new set of programs to help our workers, communities and companies.

Looking forward, we will continue to fight on all fronts in addressing this issue. We will continue to press our litigation challenges. We will seek new markets and opportunities beyond the United States. We will ensure that the NAFTA and its dispute settlement rules continue to work the way they were intended, with support from Mexico and through our intervention in the coalition's constitutional challenge. We will press our case in the U.S. and seek new and influential allies to help defend the interests of Canadians. We will deal with Americans who recognize the value of free, fair, rules based trade. We will continue to raise the softwood issue at the highest levels of the U.S. administration.

In closing, I would like to thank all the Liberal MPs who have worked so constructively with us on this issue, especially the members of our forestry caucus. I also want to thank the members of

our department who have toiled tirelessly on this file, some for many years.

I want to assure members that in seeking a resolution to the softwood lumber dispute, we recognize that different conditions prevail throughout the industry and throughout Canada, that there are different conditions in maritime Canada, the border mills, central Canada, the west and B.C., and that independent remaners are different from primary producers.

We will work very closely with the provinces and the industries to achieve a resolution that is in the best interests of all Canadians. We will not stop fighting until we have found a solution to this dispute. Above all else, the NAFTA must be respected.

•(1920)

**Mr. Peter MacKay (Central Nova, CPC):** Madam Chair, the minister was echoing some of the tough talk of the Prime Minister and was sounding very stiff and rigid, but we know that he is about as rigid as Silly Putty.

In fact, the government's position is a bit like Silly Putty. It just stamps itself on something and then takes whatever impression it thinks is most suitable at the time. We hear the minister stand now and embrace NAFTA, as if his government actually brought it to this country when he knows full well that he and members of the Liberal Party vigorously opposed NAFTA. In fact if I am not mistaken, the current Prime Minister left the cozy confines of the private sector with the sole stated purpose of defeating free trade, with the Liberal Party.

The minister mentioned our new ambassador, Frank McKenna. Our new ambassador made a statement just a few weeks ago indicating that the American system of government was dysfunctional. Add that statement to some of the other provocative, unhelpful, objectionable language that has come from the benches of the Liberal Party over the past number of years. Does the minister really think that will help in coming to a resolution over the softwood lumber dispute?

More important, I would like the minister to stand in his place and tell us which of the Prime Minister's statements he agrees with. These are statements that the Prime Minister has made publicly just within the last 48 hours: he is open to negotiations on the softwood lumber dispute; he will not negotiate on the softwood lumber dispute; or he might negotiate some aspects of the softwood lumber dispute? Which is it?

**Hon. Jim Peterson:** Madam Chair, we on this side do not have to take lessons from members of the opposition, members of the Conservative Party which left this country with a deficit of \$41 billion, a total debt that approached 68% of our GDP and an unemployment rate of 11.2%.

We have worked conscientiously to create wealth for Canadians throughout the years by introducing discipline in government. We will not take lessons from the Conservatives in terms of the economy that they bequeathed to Canadians, that we inherited and which we had to rectify.



*Government Orders*

We have already said in terms of the softwood lumber dispute that first and foremost the terms of the NAFTA must be respected. This is bigger than just the softwood lumber dispute. This is the constitution, the constating document that governs the world's largest trading relationship.

At the same time we have said that we seek a long term durable resolution to the softwood lumber dispute, one that will bring certainty to our workers, certainty to our companies and certainty to our communities.

[*Translation*]

**Mr. Marc Lemay (Abitibi—Témiscamingue, BQ):** Madam Chair, it is a pleasure for me, as the member for Abitibi—Témiscamingue, to speak in this take note debate.

I would like to provide the minister with a specific example. We are going to get down to brass tacks tonight. In my riding, we have Tembec, Kruger and Domtar. These companies are all having incredible difficulties at the present time just because large amounts of money are being held at the border.

These companies want to ask the minister, through me, why it is so hard for this government to give them advance loans on the money that they have already deposited. It is only loan guarantees that they need.

I will provide an example. Tembec is currently completing construction of a laminated panel factory in Amos to be called Temlam. It has invested \$ 99 million. The only thing it wants—not money or new programs or projects, not at all—is to know whether the government can give it an advance loan on the money that is frozen at the border and that it knows it will get back. That is all it wants to know.

Can the minister tell us whether or not the government will be able to provide these advance loans? That is all people want to know in my riding.

• (1925)

**Hon. Jim Peterson:** Madam Chair, I would like to thank the hon. member for his very important question.

We know very well on this side of the House that the industry and the communities and workers have suffered a great deal because of the deposits and this softwood lumber dispute. We are very aware of that. That is why the Minister of Industry is working now on a program to help workers, communities and companies. I hope that it will be instituted in the near future.

I can assure everyone, and especially the hon. members in this House, that we will keep faith with our workers, who have suffered so much. We will be there for them.

[*English*]

**Mr. Jay Hill (Prince George—Peace River, CPC):** Madam Chair, I know that time is very short so I will make this real simple.

The leader of the official opposition laid out a plan to get tough with the Americans and to point out to the Americans that by ignoring the latest rulings in this dispute, they were jeopardizing everything in our trade dispute under NAFTA. It was a month after the leader of the official opposition did that before the government

picked up on that theme and started communicating that to the Americans.

Why do the Liberals not at least pick up on the other theme that the leader of the official opposition proposed in that particular speech in Halifax in early September and suggest to the Americans that we are prepared to put forward a special envoy to raise the level of debate on this issue and bring it to resolution?

**Hon. Jim Peterson:** Madam Chair, the hon. member is simply wrong in his facts. We were in negotiations with the United States to find a durable long term resolution. A unanimous ruling sought by the United States came down from the extraordinary challenge committee on August 10.

Within a very short period after that ruling came down in Canada's favour, the United States said it was going to ignore the ruling. It was then that I phoned representatives in the U.S. and said that the negotiations were off, that we would not negotiate away the NAFTA and that the NAFTA must be respected. That has been our position from the moment the U.S. ignored that ECC ruling.

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Madam Chair, the minister gave an excellent outline of what the government has done, but he missed one area in my riding of the Yukon. We have very fine grained spruce there. It takes 300 years to grow. There is a very high demand for it around the world, especially overseas. This issue affects us too. I am glad he outlined the steps the government has taken. I noticed that the opposition did not talk about any of the many steps the government has taken. They are very important and commendable steps.

Opposition members talked about our new ambassador to Washington. I have been involved with the ambassador on two items. He has been a very strong and eloquent fighter for Canada. He led our efforts against drilling in the Arctic National Wildlife Refuge. He motivated his consulates across the United States. He has been leading a great challenge on the passport issue which we debated last night. He has all his consulates working on that issue.

The opposition suggested sending a person at a lower level, an envoy, but I think we have already had people at a higher level raise this issue. Have ministers or the Prime Minister raised this issue? They are at a higher level than an envoy, but the opposition members are suggesting we send a person at a lower level.

• (1930)

**Hon. Jim Peterson:** Madam Chair, I want to thank the member for Yukon for his strong work in this particular area and for the strong voice that he has provided for the Yukon, an area which many Canadians have not visited. He has brought it alive to those of us in the House of Commons. I also want to say that yes, Yukon's industry is important.

In terms of bringing in a special envoy, there is nothing to negotiate at this point, unless the Americans are prepared to respect the NAFTA. NAFTA is critical to our trading relationship. We are a rules based trading nation. We do this continentally through the NAFTA. We do it bilaterally with other countries. We are now in major discussions at the WTO where we want the rule of international law to prevail. We are prepared to support the rule of international law and we want the Americans to do so as well.

*Government Orders*

**Hon. Stephen Harper (Leader of the Opposition, CPC):** Madam Chair, I begin the debate today by noting that we have been honoured to have the presence of Dr. Condoleezza Rice, the Secretary of State of the United States in Canada this week. However, while Secretary Rice's visit is welcome, it has highlighted the fact that Canada and the U.S. are facing one of the most serious trade disputes in the history of our bilateral relationship, and that of course is the dispute over softwood lumber.

This dispute is about a very significant industry. The lumber industry generated some \$33 billion toward our trade surplus in 2002 and employs about 360,000 Canadians in over 350 communities in literally every single province and region of this country. But it is more important than that. From Canada's perspective, this is a critical moment in the future of our bilateral relationship because it deals with the willingness of the United States government, particularly Congress, to accept binding multilateral or bilateral trade decisions.

In case after case, before GATT, the WTO, and NAFTA, it has been found in the end that Canada is not illegally subsidizing its forestry industry and that will be found again. Yet, despite our strong legal case and repeated decisions in our favour, the Americans continue to collect duties, now close to \$5 billion, in countervailing and anti-dumping duties from Canadian mills.

Most recently, the NAFTA extraordinary challenges panel ruled that there was no basis for these duties, but the United States has so far refused to accept the outcome and has asked Canada to negotiate a further settlement. Let me repeat what I have said before, and let me be as clear as I can. This is not a time for negotiation. It is a time for compliance.

The NAFTA panel process is supposed to be binding. It is supposed to trump domestic American politics. The danger of a failure to uphold this decision goes far beyond the impact it will have in towns dependent on the lumber industry whether they are in British Columbia, Quebec, Ontario, New Brunswick or anywhere else.

[*Translation*]

Quebeckers, especially, overwhelmingly supported free trade in 1984, and it has proved very profitable to Quebec and all regions of this country. The time to negotiate the free trade agreement has passed; it is time to enforce it.

[*English*]

If the U.S. industry is able to pressure the government not to return duties when it has lost its last NAFTA appeal, it will not matter if most other trade is dispute free. If the rules are simply ignored, then the very basis of a rules-based system is threatened and the future of all Canada-U.S. trading relations could be profoundly affected.

I have to address how the government has handled this latest development. Over the past two months we have seen no less than three phases in its response. First, it has been complacent. This follows five years of this dispute and five years without a plan. I will remind the minister who is here tonight and remind the House that after the extraordinary challenge decision was rendered, this trade minister ran out to the media and insisted on our willingness to negotiate. That was the wrong message. Then, on top of that, for

week after week the Prime Minister sat on his hands and did not call the President of the United States to express our concerns on this issue.

Second, the Liberals entered a second phase which was the anti-American hard line, not just critical of the United States actions on this decision, not just criticizing the United States in a speech in the United States, but a brutally, gratuitously critical speech of the United States and its entire system of government by our Canadian Ambassador to the United States. Then on top of that, sending the part time revenue minister, who I will refrain from impersonating tonight, over to play the so-called China card, as if we had suddenly discovered that China now exists.

Third, we have now entered the third phase of the Liberal Party's reaction which is the in-between reaction that the deputy leader of my party just referred to, waffling, dithering, looking for signs, and sending mixed messages. Messages such as: we will not negotiate, but we might negotiate; we want to negotiate; we will never negotiate unless we get our money, but we may negotiate even if we do not get our money.

These are the kinds of mixed signals we have had in the last 48 hours and at the very time when we did not need it when the Secretary of State was here. Now that the Secretary of State has left, we are back to the hard line message tonight and the slogan "respect NAFTA". It all comes down to this slogan "respect NAFTA".

● (1935)

[*Translation*]

Americans and Canadians will recall that the Liberal Party was the one who opposed free trade and NAFTA; that the Liberal Party was the one who committed to pulling the plug on them; and that, after Mr. Mulroney signed this historic agreement, the Liberal Party was the one who committed to tearing it up, against the best interests of Canadians and Quebeckers.

[*English*]

The Liberal Party now talks about respecting NAFTA, but it is all about credibility. We are at an impasse with a big customer and it is all about credibility.

What credibility does the Liberal Party have when it opposed NAFTA and wanted to rip it up? What credibility does the Liberal Party have when it shifts strategies on a daily basis and blows goodwill at the United States on issues that do not matter, making ill-considered comments and criticisms and decisions?

What the industry needs now, of course, is a plan; a plan to help after five years. No more time can be lost in developing a plan. Help must be given to our forestry industry and communities to fight this ongoing battle.

*Government Orders*

For years this party, and I need to say the other parties with who we often disagree, the New Democratic Party, including the Bloc Québécois, all of us have been demanding help for the industry, for communities, and for workers. We have asked the federal government to assist companies with their legal fees, with loan guarantees to cover the costs of illegally collected duty and, of course, particularly in British Columbia, to fight the pine beetle epidemic before it devastates the industry on a national basis.

All of these initiatives are long overdue and the time for action is now. We need to move quickly and decisively to help our softwood industry.

Now is not the time for more anti-American bluster because the Americans see through it. Now is not the time for inaction, for dithering or delay, nor is it a time to play a game of winks and nudges, and looking for signs. Now is the time to be clear and to stand up firmly for this country.

Now is the time, quite frankly, as soon as we can, in my view, to ask the people of Canada to put in office a government that will take a different approach to our relationship with the United States. I have said on many occasions that this country needs to understand not only its own interests but the interests we have in our shared relationship. We need to stand shoulder to shoulder with the Americans when we can, so that we can sit eyeball to eyeball with them when we must at a time like this.

The government has shown over the past 12 years the capability of doing neither. We can do better and Canada can do better.

• (1940)

[*Translation*]

**Mr. Guy André (Berthier—Maskinongé, BQ):** Madam Chair, my question is for the leader of the Conservative Party.

Does he support the proposal by the Bloc Québécois and the NDP to grant loan guarantees to companies currently struggling as a result of the softwood lumber crisis?

**Hon. Stephen Harper:** Madam Chair, we do in fact support this proposal. As a matter of fact, the opposition leaders gave a press conference on that very subject three years ago. However, to date, the government has chosen not to act. Clearly, an election is nigh, since the government is now talking about an action plan. We will see.

The member for the Bloc Québécois asked me the question. I appreciate his party's support for such an idea, which is important for the industry and this country. In this case, since we are engaging in a major battle with a country as large and as important as the United States, it is essential for Canadians to work together and present a united front.

I know that the Bloc Québécois is working for Quebec's sovereignty and separation. Nevertheless, I must say that the Bloc Québécois' plan is not in the interest of Quebecers in this regard. At such times, we need to present a united front, to be united as a country, in order to truly protect our best interests with regard to the United States.

[*English*]

**Mr. Paul Szabo (Mississauga South, Lib.):** Madam Chair, we are talking tonight about the softwood lumber dispute, but we are really in fact talking about the NAFTA dispute.

As the member will know, the volume of exports of Canadian softwood lumber to the United States for the first half of 2005 was 5% higher than the first half of 2004, and 14% higher than the first half of 2003. The member is probably aware that the quality of Canadian softwood lumber is much preferred by the U.S. the construction industry, and that it is adding about \$3,000 on average per home there.

We know that we have a superior product, mostly because of the geography and our climate here. I think the Leader of the Opposition would agree that this is much more than just softwood lumber. We are a major exporter of hydro to the United States. We are a major exporter of other commodities and other resources to the United States. All of these things have a play.

The President of the United States would say summarily that this is just a very small part of the trade between our two countries, so let us not worry about it. My view, and I hope all Canadians would agree, is that we should worry about it because when one of our commodities is touched, when one of the elements of NAFTA is touched, all of them are touched.

I wonder if the Leader of the Opposition would care to comment on a prospective strategy of how we could respond, other than rhetoric, and what he would suggest in terms of pragmatic moves as to what we do in terms of other commodities to demonstrate our resolve that NAFTA must work.

• (1945)

**Hon. Stephen Harper:** Madam Chair, first, let me comment on the rising volumes of our exports of lumber to the United States. No doubt this does reflect the competitiveness of the Canadian product and the quality of that product. It also reflects something else. We need to point out to our American friends that it also reflects the failure of the entire approach to the countervailing and the anti-dumping duties.

These duties have forced Canadian mills to actually increase production to lower unit costs in order to pay the duties. To the extent that what the American industry wants which is to protect itself from Canadian imports, its strategy has actually had precisely the opposite effect. That is why the President and Congress should abandon it.

What do we do to advance this? What can we do in a concrete sense? We do not do what the member hinted at and what other members of the Liberal Party have hinted at. We do not hint at threats about not sending energy or other commodities to the United States. What we do is we point out the common interests we have in resolving this dispute and the common interests we have in getting our trading relationship back on track.

When this dispute reached the present stage, the present impasse, the Prime Minister should have called the President right away to make all of these points and to point out that the interests not only of the lumber industry but of the entire trading relationship were at stake.

*Government Orders*

I believe that because the Prime Minister and the President cannot speak at great length about this, they should have at least agreed on the fact that our relationship was important and it was being jeopardized. They should have agreed to appoint special envoys to continue their direct dialogue between them in order to understand the importance of the relationship and to seek a way whereby the United States could comply with its legal obligation and we could in fact strengthen the dispute settlement process to avoid these kinds of impasses in the future.

This is an approach that was used by, if I dare say, Prime Minister Mulroney on the acid rain problem which was previously considered to be an unresolvable impasse. The United States simply did not understand and had no interest in that issue. However, by having that kind of relationship and that kind of dialogue at the highest level, I believe we could make progress on softwood lumber.

The difficulty I think all Canadians have, when they look at the poison path of the relationship between this President in particular and the Liberal government, is that the relationship is simply not there to positively move this forward without sinking right back into the kinds of negotiations that we want to avoid.

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Madam Chair, I appreciated the comments by the Leader of the Opposition on the inaction of the Liberal government.

There is absolutely no doubt that we have had two months and the one action that the government undertook was a phone call. It is absolutely unbelievable that it would take two months to make a phone call and no other action has taken place. We have had a lot of rhetoric. We have had speeches at the economic policy meeting in New York. We have had speeches for domestic consumption. We have had absolutely no action.

The Bush administration has, for all intents and purposes, ripped up NAFTA. The dispute settlement mechanism, for all intents and purposes, is dead. We have seen absolutely no action from the government.

The Leader of the Opposition said that it was all about credibility. The Leader of the Opposition has not had any concrete action to suggest to the government either. The NDP came forward with a three point plan and careful specifics, things that would actually have moved this file forward. We have seen nothing from the official opposition, except, I should mention, a comment that if Canadians wanted to have somebody take care of their interests they should phone George Bush and the White House themselves because obviously the Conservative Party is not going to do any better than the Liberal Party.

The Leader of the Opposition has no credibility and his party has not brought forward any concrete suggestions except the special envoy which, as far as anyone who actually understands the file would be concerned, is exactly the same as negotiating. Since we won through the extraordinary panel procedure why would we go back and negotiate? That would be the worst possible thing we could do?

My question is very simple and it is all about credibility. What makes the Leader of the Opposition feel that he has credibility on this file when he has failed Canadians as well?

● (1950)

**Hon. Stephen Harper:** Madam Chair, we have suggested a series of measures to assist our industry, community and workers and we discussed them tonight. We discussed the possibility of retaliation, although that is not my preferred option, but there are a whole series of retaliatory measures that my party and its supporters have outlined would be possible and, of course, reach out.

I do not subscribe to the notion that having a high level dialogue with the President is no action. The NDP clearly could not do that because the NDP never believed in NAFTA in the first place. NAFTA is not dead. I know the NDP would like it to be dead but it is not. I will say that the NDP has suggested one action. The NDP has suggested that we begin to place tariffs and taxes on our own exports to the United States.

I have heard some crazy ideas from the Liberals but in a trade dispute, where our own products are being penalized, we do not turn around and start penalizing other of our own products. Only the New Democratic Party would suggest that.

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Madam Chair, I am pleased to take part in this debate, especially since I believe we all agree in this House that it is unacceptable that the softwood lumber dispute has not been resolved after 41 months. I find it somewhat unfortunate, especially from the opposition parties, that we are engaging in partisan politics over a dispute that not only is making our softwood lumber industry weaker, but is threatening the survival of many communities.

That is how people seem to see it in Ottawa. I remember that when the dispute began in 2002, I moved a motion on behalf of the Bloc Québécois in support of the government taking initiatives to go back to free trade. I received a phone call from the Minister of International Trade, who has since become the Minister of Foreign Affairs. He asked me what was behind this motion, what it was hiding. It was not hiding anything whatsoever. It quite simply reflected the Bloc Québécois' desire to find a solution as quickly as possible to this dispute that was harming Quebec and all of Canada.

Unfortunately, we obviously did not achieve our goals. A great deal of the responsibility truly lies with the Liberal government.

We all recall that on May 22, U.S. authorities found that there had been subsidies for the wood, there had been dumping and risks of hardship to the U.S. softwood lumber industry. Accordingly, they imposed 27.22% duties.

As I was saying, the motion I had presented received unanimous consent from the House. The Canadian government, with support from the Bloc Québécois and the entire House, went before NAFTA and WTO tribunals to dispute these countervailing duties, which we felt were unjustified.

*Government Orders*

According to NAFTA rules, 10 months would have sufficed to resolve the dispute. We are now at 41 months, or four times as long under NAFTA rules. This is totally unacceptable. I am sure that all of us in this House realize that we have been victims of stonewalling by this protectionist U.S. softwood lumber industry and of decisions made by U.S. authorities for their own reasons.

We are currently awaiting the outcome of a dispute that was technically over on August 10, 2005. I would remind hon. members that the extraordinary challenge committee brought down a ruling finding that there was no violation of the dispute settlement procedures in any of the NAFTA rulings by the various tribunals. The Americans were therefore not entitled to keep the \$5 million currently being held in trust.

What is more, on October 6, again under NAFTA, a ruling was brought down concerning subsidies to the Canadian softwood lumber and forestry industries. This was a first, we must make that clear. Throughout the numerous decades of the softwood lumber dispute, we have rarely won decisions all the way to the end of the legal process.

The NAFTA panel confirmed that there was no industrial subsidy. That was the icing on the cake. The ECC ruling was sufficient in itself to solve the problem because it confirmed that no prejudice was caused to the U.S. softwood lumber industry.

We ought not therefore to be having to discuss this dispute here. It ought to be settled, but the problem is that the U.S. authorities along with the protectionists in the softwood lumber industry, have decided to use delaying tactics and not to act on the NAFTA special panel rulings.

This leads us to a matter that goes beyond this specific issue and heavily involves the government and the Minister of International Trade. The whole spirit of NAFTA is at stake. We are constantly being reminded that softwood lumber exports—in the case of Quebec, 3%—are not the only thing Canada exports to the U.S. We agree, but for the first time in nearly 20 years, the spirit of NAFTA and its regulations have been broken and the chapter 19 dispute settlement mechanisms challenged.

• (1955)

Through its Subcommittee on International Trade, Trade Disputes and Investment, the Standing Committee on Foreign Affairs and International Trade has conducted a very comprehensive study of the issues related to the chapter 19 dispute settlement mechanism.

The American attitude is calling into question the efficiency of this chapter 19 concerning dispute settlement. It is also calling into question the confidence that everyone, whether in Canada, of course, Quebec, Mexico or in the international community, may have in this agreement. The American attitude concerning the Byrd amendment, which was declared illegal by the World Trade Organization, combined with the fact that Congress has not taken any action as of yet, have exacerbated this distrust on the part of Canada, Quebec and the international community as a whole. Therefore, for the first time since the free trade agreement was signed, we have been forced to go before American courts, as we used to.

The whole purpose for NAFTA was to spare the Canadian, American or Mexican industry from having to depend on the

traditional judicial mechanisms. Now, the entire free trade agreement is being called into question. This is why I believe that we have to be extremely diligent in following up on this issue.

At stake is not only softwood lumber, but also the continued existence of the free trade agreement, as evidenced by the suit launched by the American softwood lumber industry—again, its protectionist component—concerning the constitutionality of chapter 19 of the free trade agreement.

We will recall that negotiator Gordon Ritchie had told the press that, had it not been for chapter 19, Canada would probably never have signed NAFTA.

This effect the dispute is having on NAFTA makes it crucial where the future of trade relations and just plain relations between Canada and the United States are concerned. But there is also its effect on industry.

We will recall that, a few days ago, on October 19, Carl Grenier gave a presentation to the Economic Club of Toronto, reminding his audience that the \$5 billion in countervailing duties held at the border represent more than three times the combined net income of the 12 major Canadian forest companies over the past three years. These figures may sound low, but for the forest industry, this is significant in terms of capital expenditures and investments that cannot be made. It also means jobs that are not being created, or which are lost either temporarily or permanently.

All this is at a time when the softwood lumber crisis is not the only thing hurting the forestry industry. The Canadian dollar is very strong and therefore not working in the industry's favour. There are also problems with forestry management. For example, the Coulombe report was tabled in Quebec, and we know that there will be a 20% reduction in stumpage over the next few years.

We really need an assistance plan. I know that the government has presented an assistance plan intended as an a response to these challenges, at least for Quebec. However, \$50 million is not really enough to respond to the current challenges.

Everyone is in agreement. The Prime Minister has said it again and again, even if it was not always clear, as did the Minister of International Trade, and the Leader of the Opposition just said so too: negotiations are out of the question. The way the Americans see it, negotiations will give us less than what the tribunals do.

It must be recognized that the Government of Canada made a strategic error. Perhaps the opposition was not vigilant enough. The then Minister of International Trade and current Minister of Foreign Affairs told us that the issue would be dealt with on two fronts, namely through negotiations and the legal process. Americans always felt that it mattered little if they lost the legal battle, because they could fall back on the negotiation process. That is what President Bush told us.

*Government Orders*

I am in favour of a lasting solution for the softwood lumber dispute, but we must not let the industry fend for itself at this very critical time. The federal government must assume the legal costs, which now exceed \$350 million. Considering what lies ahead for the next two years, loan guarantees are also needed. An additional \$2 billion will be added to the \$5 billion. We are headed for something like \$7 billion in duties. The industry will not make it. Some companies will go bankrupt if the government does not get involved.

Everyone agrees on the need for these loan guarantees, except the government. Some changes should be made to the employment insurance program. Policies are needed to help secondary and tertiary processing. In my opinion, the issue of the content of the North American Free Trade Agreement should be raised again at the political level.

● (2000)

President Vicente Fox acknowledged the problems relating to NAFTA. The Canadian government must do the same and make Americans realize that the situation is extremely serious.

We all want to maintain strong and friendly trade relations with our neighbours, but the ball is now in their court. The federal government has a duty to help the industry, the workers and the communities affected by this dispute.

[*English*]

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** Madam Chair, I have one question for my friend. Obviously he is aware that Bill C-364, my private member's bill, was introduced in April and last week came before the House for second reading. Of course we were all caught unawares when we saw the deputy government House leader standing up and trying to rule that this particular bill would be out of order.

It is a trade compensation act, of course, which would provide exactly what we are seeking today and what would help industry. That is, of course, the repayment of legal fees, which I would suggest the government is obligated to pay anyway. The other part of the bill is the loan guarantees, which would keep our industry afloat and which are so desperately needed.

We have heard some speculation about why the government would not support this particular bill. The government is actually trying to stop it before it has any chance at all to get out of the gate, so to speak. I am curious to hear my friend's comments on that particular issue.

I have heard that there is a political motive to stop this bill, especially because of the impact it would have specifically in Quebec and northern Ontario, being a Conservative private member's bill, and there are the ramifications that may have for the Liberal Party. I would be interested in hearing his comments on that.

[*Translation*]

**Mr. Pierre Paquette:** Madam Chair, I thank the hon. member for his question and also for introducing the bill. Moreover, I pointed out in the first hour of debate that the Bloc Québécois was working on something similar.

The Americans are not the only ones engaging in harassment with regard to trade disputes. I am thinking of countries like New Zealand and Australia, in connection with milk, as well as the Brazilians—in addition to the U.S.—in connection with steel and swine. Our trading partners need to know that the Canadian government will support its industry.

The bill that has been introduced and that we will support, imposes some conditions of course. It is not a matter of requiring the government to jump in with loan guarantees as soon as some sector of industry is attacked by a foreign country, but this situation is different. Systematically, over the past 30 years, the highly protectionist U.S. softwood lumber industry has been involved in disputes over this.

As I have said, we do have some allies in the United States, and some of them will be here in Ottawa tomorrow. We will be meeting with them and I am sure they will also be meeting with members of the government, the Conservative Party and the NDP. Our trading partners need to know that we are prepared to support our industries when they are victims of harassment, as is the case with the softwood lumber industry.

I cannot, therefore, understand the Canadian government's attitude. It is not only their attitude toward the softwood lumber sector; they take the same attitude toward clothing, textiles and bicycles. They are afraid to make use of the instruments available to us under international legislation and the agreements we have signed. They are afraid of rubbing someone the wrong way.

That is the answer we got from the Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec. According to him, these instruments must be used with caution because the Americans might interpret their use as protectionism. We have been involved in a dispute with them for 40 months. They do not seem to have budged one inch. I do not think that this perception will change no matter what. They will at the very least manage to get the message that the government of Canada will support its industry until they accept the rulings from NAFTA, a treaty they signed in good faith at the time.

● (2005)

[*English*]

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Madam Chair, through you, I have a question for my hon. colleague. I would like to return this conversation and debate to the communities that are often affected by this trade dispute. Sometimes, as the rhetoric from the government and the other parties comes forward, the people in the communities most deeply affected by this trade dispute are lost.

My region of northwestern British Columbia is among the hardest hit regions in the entire country. I would argue this with little doubt in my mind. There has been an incredible concentration within the industry. A lot of the smaller and mid-sized shops have had to close. A lot of workers have lost jobs. A lot of families have had to move out of our region and into the cities and other places, seeking other types of employment, when their preference was to remain.

*Government Orders*

I am curious about my colleague's impression with respect to Quebec and particularly the smaller communities that are affected by this situation. There is the frustration they must feel that, after so many years of this debate going on over this trade dispute, the best we can hope for, after so-called victory after victory, are the suggestions of a special envoy, continued negotiations and a 20 minute phone call to the president. I am sure that for 15 minutes of the call the Prime Minister was reminding President Bush of who he was and where he came from. The remainder of the time, I am sure, was the hard chat that he talked about.

Let us talk about the effect on the communities. The communities are tired. I have raised the issue of there being some sort of warning period for the Americans. I know that is quite contentious within the Canadian economy, particularly for those in the energy sector, but I have raised the issue of there being some sort of warning period for the Americans to suggest that this trade agreement we have is of such great importance to our economy that it must be protected and the dispute resolution must work.

I have suggested that we say we are willing to impose some sort of countervailing duty, with a warning period, a grace period, to allow the Americans to make the change, with this being done in order to affect the voters in the United States, to affect the congressmen and congresswomen and senators and get them to finally pay attention. I am sure the view in Quebec is the same as it is in British Columbia: the Americans are still not aware of how important this is to Canadians.

The Americans may not be aware at all of where Canada is at this point, but we must appeal to the American people, who have a sense of justice and a deep connection with our country. We have a long history together. Somehow they have failed to push their own politicians to react in a way to push the Congress, the Senate and the president to finally return all of the duties and to remove the Byrd amendment, which is illegal in almost any international context.

There must be a resolution from this House to finally get serious about the issue, not the Conservatives' suggestion of a special envoy nor the suggestion of the Liberals for negotiating after we have won. This is a bizarre and absolutely insane scenario in which we negotiate after we have won, which only means that we can negotiate backwards from that point of victory.

The Prime Minister would like us to believe this delusional notion that we somehow have this \$3 billion plus because the trade dispute panel said so. In fact, the cheque is not there and no money is present.

Would the member comment on some of those issues?

• (2010)

[*Translation*]

**Mr. Pierre Paquette:** Madam Chair, I want to touch upon two points, because I know that I will run out of time.

First, with regard to the communities, there is a great deal of talk about loan guarantees and this is very important. There is also much talk about the fact that the government is assuming the legal costs. It is also clear that a whole series of small sawmills, small forestry-related businesses are not included in this. For example, some people are struggling due to the difficulties of large companies in exporting

to the U.S. and are now facing competition from local and regional markets.

We must consider these companies that do not export to the United States, but which are indirect victims of this dispute. We have a whole series of proposals in this regard. The same is true for workers. We must review EI to ensure that they have income security.

At the political level, with respect to American society and Americans, I talked earlier about working better with our American allies. As I said, they will be there tomorrow. Many people realize that the Americans' protectionist vision of softwood lumber is responsible for houses costing between \$1,500 and \$2,500 more, this at a time when major reconstruction is being contemplated in the southern United States, be it in Louisiana or in Florida. Why pay more? It is like shooting oneself in the foot. People do realize that, but a lasting solution has to be sought.

That is why the subcommittee suggested a chapter 20 challenge concerning the implementation and interpretation of the agreement. The NDP, as well as the Conservatives, approved. In the event of an unfavourable arbitration decision under chapter 20, Canada might consider going back on some of the compromises it made in 1994. That is not my wish, nor that of anyone in this House.

There is the issue of energy, for instance. The Minister of Foreign Affairs told us that energy exports could be cut back and redirected elsewhere. That is not allowed under the free trade agreement, and we want that agreement to be respected.

What is allowed under the agreement, through an arbitration mechanism concerning how the implementation of the agreement is interpreted, is to go back on compromises that we made 10 years ago, but the Mexicans did not. They did not make any compromises about energy.

If we really mean business, we could let the Americans know that we are planning to open discussions under chapter 20, knowing that this will put pressure and shake the American public opinion. Granted, we do not wish to carry through. We would just like common sense to prevail on the side of the American government and the protectionist component of the softwood lumber industry. Again, I stress that this is not the attitude of the entire industry. Those who, for the past 30 years, have been fighting to prevent Canadian exporters from marketing their softwood lumber products in the United States are well known.

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Madam Chair, to start, I just want to mention that the NDP and the other parties fully support the idea of loan guarantees and assuming the legal fees for companies that are in this situation because of the government's inaction. It is absolutely not their fault and Parliament must definitively support these companies and these communities. It is because of the government's inaction that we have to make such a suggestion.

*Government Orders*

[English]

We are in a situation now where the softwood lumber industry is bleeding \$4 million in punitive tariffs every day. We have lost 20,000 jobs in my province of British Columbia. Softwood lumber tops the agenda of concerns of British Columbians because of the tens of thousands of lost jobs in the softwood sector.

We are now talking about accumulated punitive tariffs of \$5 billion. It is important to note that due to the Byrd amendment, millions of dollars of that \$5 billion have already been paid out to American competitors and it will never return. We do not really know how many millions have been paid out already.

We are talking about an extremely serious situation, which is why it is appalling that we have seen no action in two months. I will give credit where credit is due. There was one phone call in two months.

Let us go back two months to the extraordinary challenge procedure. Article 1904 states that the committee decision shall be binding on the parties. There is no ambiguity and there are no weasel words. It is very clear that the process is binding. When Canada went through three panel decisions and three remand determinations before getting to that point, we are talking about something that was clear.

What is shocking is the fact that since this clear violation of NAFTA and the dispute settlement mechanism, we have seen no action from the government. The dispute settlement mechanism is tied completely to the concessions that the Conservative government made and that the Liberal government maintained on NAFTA in energy.

With the proportionality provisions of NAFTA, in the event of a shortage, a reduction in supply or in the event of a national emergency, we are obliged under NAFTA to ship most of our energy supplies to the United States. Those wonderful negotiators, the Conservatives, consented to those proportionality provisions. They have real backbone when they negotiate agreements. In return, we were supposed to have a dispute settlement mechanism that would be binding.

Two months later, the dispute settlement has been ripped up and the Liberal government is saying, obliquely, that it will go back to negotiating. The Conservative opposition uses the words "special envoy" to negotiate when the agreement has been violated and very clearly the dispute settlement mechanism is null and void. We have not heard one concrete suggestion from either the Liberals or the Conservatives. We have heard a lot of speeches, posturing and spin but while Canadians wait for some action, what they have seen is 20,000 lost jobs and a bleeding of \$4 million a day.

What does the NDP call for? We had a three point plan and said that Parliament should be recalled immediately to debate the issue to see what action should be taken. We did not suggest sending a special envoy to go and negotiate after we had won, which is what the Conservatives suggested. We actually said that we should recall Parliament and take concrete action.

We have called as well for the halt of the deep integration of the NAFTA plus negotiations. It is no wonder the Bush administration sees mixed signals coming from the government. We are currently

negotiating concessions in about 300 different areas, including food and air safety, and the Liberal government wonders why the Bush administration does not take it seriously. The NAFTA plus negotiations are continuing. NAFTA's dispute settlement mechanism has been ripped up and the government continues to negotiate further concessions to move even further along.

We also called for the government to impose an energy levy. We are bleeding \$4 million a day. The dispute settlement has been ripped up. We are continuing to provide extraordinary privileges that no other country on earth provides to a foreign country. Proportional sharing of our energy means we give our energy to the United States first, even in the event of a critical supply shortage and yet there has been no action from the Liberal government at all on the three point plan put forward by the NDP.

●(2015)

I am not just talking about a failure of the government's NAFTA policy. I am talking about a failure of the government's economic policy. Statistics Canada has been very clear on the impact this has had on the Canadian economy over the last 15 years. The way Statistics Canada does that is to basically divide up the population into five quintiles: the lowest income Canadians, working class Canadians, middle class, upper middle class and the wealthiest.

Since the signing of the free trade agreement in 1989, the lowest income group of Canadians has actually seen its real family income drop by nearly 10%. It is unbelievable. What a failed economic policy when the lowest 20% of the population has seen its income fall by 10%. The working class, the second quintile, has lost approximately three weeks of salary a year in real terms over the last 15 years under the failed Conservative and Liberal, let us say, fair economic policy.

The middle class has lost about three weeks a year of salary because of these failed economic policies. Even the upper middle class has lost in its market income about 1%. One might say that is half a week or a week of its salary but that has a real impact when it is getting harder and harder to make ends meet.

This will come as no surprise to anyone. The wealthiest of Canadians, the top quintile, the corporate lawyers and the CEOs, have seen their real incomes climb by over 12%.

What we are seeing is not only a failure of the dispute settlement mechanism and a failure of our government to deal in any concrete way with the Bush administration ripping up NAFTA's dispute settlement mechanism, but we are also seeing very clearly a failure in economic policy, a failure rate of 80%. Eighty percent of Canadians are having a tougher go of it now than they did 15 years ago. Eighty per cent of families are earning less.

We all know that Canadians are working harder than ever. Overtime has multiplied by a factor of three. Canadians are working longer and longer weeks, longer and longer hours, putting more and more in and getting more part time and temporary jobs which means more insecurity.

Statistics Canada tells us as well that most jobs do not come with pensions anymore and in real terms most Canadians have lost substantively anywhere from half a week, one week, three weeks or more of their salaries. This is a failed policy.



*Government Orders*

The industry minister said two months ago that the Liberal government would take the Americans into the boards, to use a hockey analogy. Our point is this. The Liberals are not even on the ice. They are hiding in the dressing room. There are concrete actions they should and could be taking and we in this corner of the House, in the New Democratic Party, will continue to push. We will continue to stand up for Canadians. We will stand up for those 80% of Canadians who believe that energy should be on the table now that the dispute settlement has been ripped up. We will be standing up for those 80% of Canadians who have seen their real incomes drop over the last 15 years. We will be standing up for Canadians from coast to coast to coast because we are the only party that is standing up for Canada. We are proud to that and we will continue to do that.

• (2020)

**Hon. Charles Hubbard (Parliamentary Secretary to the Minister of Transport, Lib.):** Mr. Chair, I listened to the NDP position on this but I am not sure if the member was talking about his position or his party's position.

We recognize that in terms of oil and gas, of the various countries from which the United States buys oil and gas, we are the largest supplier. We are a tremendous supplier of energy. We talk about Quebec with its power.

I wonder if the hon. member could tell us tonight what particular avenue he wants us to address first. Should we cut off electricity from Quebec, oil from Alberta or maybe try to get Saskatchewan to turn out a few of the lights that are burning in the United States of America? If he could give that position for us, we could understand better what the NDP wants us to do in terms of its suggestions to this problem we are encountering.

**Mr. Peter Julian:** Mr. Chair, what a silly comment from a member who should know better.

We are calling for an export levy on energy exports. Energy has been tied in with dispute settlement since the very beginning of negotiations on NAFTA and the free trade agreement. What we are calling for is that linkage with dispute settlement.

As the member knows, because the papers have been clear on that in the last few days, 80% of Canadians agree with us. Eighty per cent of Canadians believe that because energy supplies and dispute settlement were closely linked from the very beginning of negotiations on the free trade agreement and NAFTA, our government and this Parliament should be standing up for Canadian rights and Canadians jobs and should be looking very closely at that option.

I should mention, while I have a moment, that just because there were references from the trade minister about some of the avenues that they are looking at, such as advocacy and litigation, a negotiation would be the worst possible thing that we could do and litigation would be the second worse. What it does is it puts us right back to where we were before we signed the FTA and NAFTA. We are going to American courts, spending Canadian money for American lawyers, on an American playing field, to have an American decision. Litigation is not an intelligent route to take, but, unfortunately, because of the lack of action by the government, we

have no choice but to support the industry in continuing along those lines.

To get back to this point of advocacy, I was part of a softwood delegation that went down to Washington last spring. The NDP was the only party that sent a full delegation. When we got off the plane we were given a t-shirt that was made in Mexico and a Canadian flag pin that was made in the People's Republic of China and we were told to go out and advocate on behalf of Canadian industry. This was a perfect illustration of why the advocacy efforts of the government have not worked. They have not been credible.

• (2025)

**Mr. Jay Hill (Prince George—Peace River, CPC):** Mr. Chair, there is more than a shade of irony here tonight that the NDP members get up and ask questions about respecting NAFTA and ensuring that the Americans respect NAFTA when their party position is that we should tear up NAFTA. Only the NDP would believe that somehow we solve trade disputes with our largest customer by taxing more of our exports.

The member, who is from the same province as myself, British Columbia, should take a little history lesson and look at the NDP government that we had and the bitter failure it was in British Columbia, to the point where its last leader was thrown out and it was reduced to only two seats by the people of British Columbia because they recognized that the NDP was crippling the economy of British Columbia through its ineptness and incompetence. What is unbelievable is that its leader ended up as a cabinet minister here at the federal level.

I do not know how the member has the audacity to suggest that somehow the Conservative plan of assisting our companies through loan guarantees and assisting our industry by covering the legal bills, which the federal government should be doing for our companies that are going through these disputes, is not a plan. These companies have had to spend millions of dollars.

I could not believe what I was listening to. The one thing I would agree with him on is that the real hurt is with the people, the people in British Columbia especially but all across the land, the people who work for our softwood industry. He cannot see the forest for the trees, which is so typical of the NDP. The reason the working class in Canada are working so hard is to pay their taxes in this overtaxed economy, which the NDP only wants to tax more. When the NDP negotiated its \$4.6 billion last spring, Bill C-48, it somehow forgot all about softwood lumber.

**Mr. Peter Julian:** Mr. Chair, it is difficult to know where to start with a rant like that, but I will start by saying the reason the NDP is currently leading in the polls in British Columbia is that 80% of British Columbians, as the hon. member knows very well, support the idea of tying an export tax, an export levy on energy to the dispute settlement mechanism that was arbitrarily ripped up by President Bush.

*Government Orders*

It is very interesting to note that the Conservative Party has come up with nothing, unfortunately, no concrete action. We have been waiting for that. Tonight the leader of the official opposition called for a special envoy to negotiate, after we have won through NAFTA's dispute settlement mechanism. That is very strange and bizarre. I suppose a special envoy is different from whatever the Liberals would send, but it amounts to the same thing.

I actually tried to find proof that the Conservative Party was standing up for Canadian sovereignty and Canadian interests and I did find it. On the website there is a press release "Stand up for Canadian sovereignty". I was very impressed and read through it. I got to the key point. I was thinking that maybe the Conservatives were standing up against President Bush, but it turned out that they were standing up for Canadian sovereignty against Denmark. Yes, that is what they were doing. They will not stand up against the Bush administration. They proposed no concrete action, but when it comes to Denmark, they are ready to go. It is kind of pathetic.

• (2030)

[*Translation*]

**Mr. Guy André (Berthier—Maskinongé, BQ):** Mr. Chair, my comments are on the NDP member's speech.

An event took place today. The U.S. Secretary of State and the Minister of Foreign Affairs met to discuss the softwood lumber issue. The secretary said that we needed to put the dispute in proper perspective and that it is only a small part of the trade between the countries.

Is this U.S. position on the softwood lumber crisis not becoming worrisome and does it not reduce the prospect of the ruling on this matter being respected? Does it not impel the government to negotiate something that is not negotiable? We all agree that a ruling is not negotiable.

From the perspective where the survival of our industry is being threatened, why is the government reluctant to help by providing loans and aid to the companies?

**Mr. Peter Julian:** Mr. Chair, I very much appreciate both questions from my colleague.

First, the question on the negotiations is quite worrisome. In my opinion, the government is preparing to negotiate. It has already moved ahead on this, but has not taken any concrete action. There is cause for concern that the government is trying to negotiate a cut-rate deal because it does not have any other plan of action.

The second question is very important. I began my speech by saying that we support the idea of granting loans to the industry and paying the legal fees because we have no choice. It is because of the government's inaction that we are required to support the industry.

Other action would have been far more effective, which begs the question: why did the government not act in several areas when it was necessary to do so? Unfortunately, that is a question only the Liberal MPs can answer. Why are there crises in education, health and softwood lumber? Why did the government not act quickly enough to resolve these crises? I have no idea; it is a mystery to me.

[*English*]

**Mr. Roger Valley (Kenora, Lib.):** Mr. Speaker, first I would like to thank the House for this opportunity to debate the issue of softwood lumber. This debate acknowledges the considerable impact the softwood lumber dispute has had on the forestry industry in Canada. Many points have already been made and I will try to reinforce some of these as well as introduce some new ones. Some of the key areas of concern need to be covered.

The first point I would like to make is our great friendship with the United States. We are both very serious about free and fair trade. The softwood lumber dispute is not an isolated one. Whether we are speaking specifically on the softwood lumber sector, pulp and paper operations or value added plants, it is important to realize that the impact of this dispute is wide ranging and has been significant to the entire forestry sector. When I make comments tonight on the forestry sector, I am in fact speaking about the softwood lumber issue.

I would like to take a minute to talk about the issues in my riding of Kenora. My riding covers almost one-third of the land mass of Ontario. Some of the greatest boreal forests in the world are part of my riding. This tremendous expanse of natural beauty and economic opportunity is our home. We have pride and respect for our forests and we realize we are there to look after our forests for future generations.

We understand the power of our forests. The modern world has come to depend on their products, be they lumber for our homes, paper products for our businesses, or the stabilization mechanism for our environmental initiatives. We have what the world needs and the world is willing to pay a fair price in a fair trade marketplace.

In the riding of Kenora we have two pulp and paper mills, an engineered lumber plant and numerous sawmill operations. These mills range in size. There are the very large operations like McKenzie Forest Products in Sioux Lookout, Kenora Forest Products in Kenora and the Weyerhaeuser sawmill in Ear Falls. We have medium size mills and we have mills right down to the family run operations that have been in the Dryden area for over 100 years. The Skene family is a perfect example of pioneers who came and took the lumber from our forest to build the communities in northern Ontario.

All of these operations have faced difficulties, and rising costs for energy and transportation for many years, and now they are faced with another obstacle in the softwood lumber tariffs. In some cases this obstacle is proving to be insurmountable. The American administration has decided to ignore parts of the NAFTA, our agreement that we negotiated in order to have tools to protect our Canadian companies in case of trade disputes. We have used this mechanism as we have negotiated a deal. It is time the United States did the same.

*Government Orders*

The action has kept billions of dollars from being reinvested in capital projects at our sawmills and our plants. Before the dispute the industry was focused and knew what it had to do. It understood the importance of new technology in order to achieve maximum value from our sawlogs. More than understanding this importance, the industry took action to invest in such technology creating a momentum for the forestry sector. Up to a few years ago it was not uncommon to read in the local papers about upgrades, new equipment, new plants being built and all this to add value so we could get value out of our Canadian trees. The industry had been enabled and was working with our fair trade markets.

Since the escalation and the adding of tariffs to Canadian lumber, there have been no new investments in our area. These tariffs will have a strangling effect on our ability to renew and operate our plants. In a world of increasing competitiveness, we must guard against threats that will render Canadian companies obsolete. We must not allow the American government to reinvest the billions of Canadian company money received unfairly to increase the American industry's competitiveness. Canadian companies have been responsible in reinvesting in new technologies. We must not continue to allow Canadian companies to indirectly subsidize the American industry which has not kept up with innovation.

With all that is happening, it is no wonder we cannot build the confidence of forestry companies to invest in Canada. In my home province of Ontario we face additional challenges with the increasing energy and delivered wood costs. These challenges affect the ability of forest companies to operate in a profitable and sustainable manner. Whether it is a softwood lumber sawmill or a pulp and paper plant, the entire industry is affected.

To illustrate the interrelated nature of the industry let me give a simple example from our part of Ontario. When the logs are sawn and the residue is chipped, they are sent to the pulp mill. At the pulp mill sawlogs are sorted out and sent over to the sawmill. Because of the great distances involved, the need for cooperation is essential. Thus, if one mill is struggling, as many softwood lumber mills are, the others are affected as well. This is the way business is done in northern Ontario. The strength of one operation is the strength of all. All operations need to be viable to support the others.

The softwood lumber issue creates a ripple effect all through the forestry sector. We cannot lose or slow down one aspect of forestry without causing job losses throughout the sector.

● (2035)

We need a resolution to this dispute. We need our American counterparts to honour their part in NAFTA. As a country we need to have confidence in the agreements that we have chosen to abide by. We as Canadians have lived up to our part of the agreement and we expect our friends to do the same.

At our forestry caucus we have been gathering information, talking to communities and companies. We have been working with departmental officials to find ways the federal government can become involved with forestry. We have been very conscious of the provincial jurisdictions involved in this matter.

We understand the provinces have plans to help the forestry industry. We as a federal government need to find a way to support

the provincial efforts, to bring confidence to the forestry companies so they will invest back into their plants, their operations and our communities.

We owe it to the families. We owe it to all the communities that are dependent on the forestry sector for their livelihood. We owe it to a sector that is one of the world's leading exporters. We owe it to an industry that is responsible for the largest private sector employers of aboriginal people in Canada. We owe it to Canada.

By strengthening the forestry operations, we will strengthen our communities, our provinces and our country. The softwood dispute has carried on for too long. We have had agreements that have carried on for a number of years, but there have been no lasting solutions. This time Canada has succeeded through the NAFTA rulings one after another. We have used all the mechanisms at our disposal and we have repeatedly won disputes. We need our American friends to honour the NAFTA agreement. We need to keep Canadians working in the forestry sector.

● (2040)

**Mr. Jay Hill (Prince George—Peace River, CPC):** Mr. Chair, the speaking slots are somewhat limited tonight and I think I speak for members of all four parties when I say that many MPs would like to have had a chance to speak to this important issue. They obviously will not get that chance other than in questions and comments.

I want to take a moment to pay tribute to the working men and women and the families who are affected by this not only in my riding of Prince George—Peace River, but the thousands of families who have seen some really tough times and continue to see tough times all across the country. These families are suffering. By and large they have seen an immense amount of inaction on the part of the government.

I do not want to be overly partisan or critical tonight. The Minister of International Trade is sitting here tonight and I commend him for staying through the debate and listening to the points of view. He knows how these families are suffering because I am sure they have communicated with him and that he has listened.

I also want to pay tribute to the industry which has brought down the unit cost. As the leader of the official opposition stated in his remarks, the unknown thing that transpired through these countervail duties is it actually forced our industry to become even more efficient. We were already efficient in our production of wood products, but the industry has become even more efficient. The unknown consequences for the Americans is that our wood products are flooding into the United States. As my leader said, this should prove to the Americans that this is a failed policy and that it is not working. It is not having the desired effect of protecting the American industry from a highly competitive, efficient, effective Canadian industry, and good on the men and women in the companies in Canada who have been able to do that under such adverse conditions.

*Government Orders*

The Conservative Party recognizes that we cannot communicate as often as we need to head of state to head of state. Obviously that would be the ideal. That is why we were urging the Prime Minister for quite some time to communicate directly with the President of the United States when it became clear that the Americans were going to ignore the latest ruling.

We have advocated that special envoys be appointed on both sides. These envoys would not negotiate because we have already won. We are all in agreement on that. We want these envoys to communicate to the Americans at the highest level possible that severe ramifications are at stake here, not just for the 3% of NAFTA that is softwood lumber, but for the other 97% that affects the economies of both countries.

Why will the government not at least look at appointing special envoys, not to negotiate, but to raise the level of debate and awareness?

**Mr. Roger Valley:** Mr. Chair, I will answer the question from the bottom.

One benefit we have is our greatest friends in this dispute are the American public, and we have not used that enough. We can do more in marketing in their areas. We cannot afford to make our greatest friends angry with us. Everything else we can do from that level up is a bonus. It is something that we can gain in experience. We as Canadians have never been successful in marketing ourselves, the products we produce and how we can help Americans. We need to be involved in their trade.

At the higher levels, we try to involve ourselves. Our forestry caucus has been meeting with as many people as we can. We are trying to involve ourselves at the grassroots level. We are trying to ensure that the American public stays on our side.

The member mentioned 3%. How big this event could be if we get into an all-out trade sanction dispute is too often blown out of proportion. We are on the right track. We may have to raise the level of awareness, but we have to keep in mind that the American people are our friends, and that is one of the tools we should use.

• (2045)

[*Translation*]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Chair, I thank the hon. member for his speech. The situation that he is experiencing is very similar to the one in my riding.

However, I have a question for him. This evening, we are having a take note debate to try to find new ideas and ways to move forward on this issue. Is there any explanation as to why the government refuses to provide loan guarantees to companies that have had to pay \$5 billion?

We have a very strong legal case that allows us to tell the Americans to respect their commitments. We could even tell the rest of the world to be careful with the Americans, because they do not always respect their commitments.

However, we need strong businesses. This the message that we want to send to the Americans. Why not follow up on that proposal which, in our opinion, is in compliance with NAFTA and the WTO

agreements? Is this what is holding back the government, or is there another reason?

The government says that these businesses, these workers need help. Is what the Bloc Québécois has been proposing for close to two years and what all the opposition parties are now asking for not a tangible form of assistance? Why does the government not provide such a program?

[*English*]

**Mr. Roger Valley:** Mr. Chair, I agree with the member 100%. The companies need help and they need it now.

As chair of the forestry file in our caucus, that is one thing on which I have been working. Whether loan guarantees are the answer, I cannot say. We have been working on it and gathering information. We had that proposal before our committee. We are trying to find everything we can do to ensure all forestry sectors are going to get the support they need.

The biggest thing we need to do right now is deal with the softwood lumber issue. Loan guarantees may be part of the plan. There is a whole host of things we can try to do, but it is not the only thing. We are going to continue to work on that.

**Mr. John Duncan (Vancouver Island North, CPC):** Mr. Chair, a lot has been said on this issue and a lot has been very repetitive.

Based on the member's answer to the question from the Bloc member, he is once again talking about the issue of loan guarantees as if it is a brand new issue. The first time this was presented to the government was in 2002. The government has yet to respond that there is a technical problem with this. It has yet to respond in any way in the negative. It just never has responded in the positive.

At this point, one can only ask this. After three and a half years of strangulation of our industry, when is enough, enough and when will the government say yes?

**Mr. Roger Valley:** Mr. Chair, it is not up to me to say yes. It is up to me to put the ideas from my committee forward to the departments, and that is what I have done.

In my own defence, I have been here a little over 13 months and it is something I engaged in right away when I came here in October. We were successful in creating our caucus in March.

From what I have seen of government, we have been moving at breakneck speed since we came back and it is something we will continue to do. We will keep the pressure on this. We will try to get the ministers to announce something in the very near future. We think it is something that needs to be done right away. The industries are waiting for it and they need the support.

**Hon. Joe Comuzzi (Thunder Bay—Superior North, Lib.):** Mr. Chair, let me first compliment my colleague from Kenora—Rainy River. He has mentioned that he has been here for a short time, but he has done a tremendous job in that short period of time. He has been a very active member in our northern Ontario caucus.

*Government Orders*

As a result of being an active member and coming from an area where the forest industry is the aorta, the lifeblood, of all of northern Ontario, he took upon himself to start a caucus called the forestry caucus, embracing all the members of the House of Commons. He has been doing a marvellous job in trying to get into position to get this issue resolved.

An event has happened in the last four or five days that shows what Canada and the forest business in Canada is all about. Some of us in the House could have been as mean as some of the senators in the United States senate, like Senator Byrd and his Byrd amendment and Senator Baucus who always chastises Canadians for their role in the softwood lumber dispute. However, again Canada opened its arms at a time of distress to our friends in the United States. We never saw one piece of wood, one oriented strand board, one piece of plywood that was denied entry into the United States because our friends there needed it.

That shows the friendship Canadian citizens have for our colleagues in the United States. That is something that should never be forgotten in this dispute. They are our friends.

We do not have some friends and unfortunately we have not found a mechanism to reach those people in the United States senate where the trade disputes are being arbitrated. The administration, unfortunately, listens to some of the senators.

However, we should never lose sight of the fact that we are still the best trading partners with the United States. The citizens of the United States are the best friends, and sometimes very close family members, of the people in Canada. That in itself should prompt the United States senate to move quickly on throwing a signal to the President of the United States and his administration that this has to come to an end.

I know my colleague is in favour of a loan guarantee. He discussed it in his closing remarks. Could he explain to us again his position on a loan guarantee of 50% of what is being held by the Government of the United States to support the Canadian industry?

• (2050)

**Mr. Roger Valley:** Mr. Chair, if I have learned anything, it is because I have been listening to the member for Thunder Bay—Superior North.

We have to use all tools. If loan guarantees are what we need to do, it is something we have to propose. Fifty per cent of what is being held against our companies in the United States may be a good place to start.

**Mr. John Duncan (Vancouver Island North, CPC):** Mr. Chair, it is very interesting to watch the member for Thunder Bay—Superior North and the member for Kenora—Rainy River free-lancing on the issue of EDC loan guarantees or backing of receivables, and some applause from the Minister of Trade for that action. Maybe we can expect some action from the government after three and a half years or so of dithering and bumbling over what to do to support our industry in the face of an onslaught by the U.S. lumber lobby and the U.S. coalition.

I would like to recognize the fact that the member for Kenora—Rainy River did talk about the American consumers, the friends in the U.S. who need to be mobilized on this issue. I will recognize the

fact that we have the American Consumers for Affordable Homes. The executive director and others from that organization are in Ottawa as we speak. I know they are taking in this debate tonight, and they are not very far away.

The disappointments of the Conservative Party and of my constituents and many people involved in the forestry industry across the country in the lack of leadership on this most serious trade dispute is profound. Once again, one thing that tonight has proven is that the rhetoric that emanates from the NDP members is not very helpful. Nor is the way they misrepresent for political purposes other people's constructive input.

For example, we have had a pretty clear enunciation of what it means to nominate envoys to carry on communications at the highest levels between the Prime Minister's representative and the President's representative. It is a long way from negotiation, but a very essential step.

NDP members are very much in tune with us from the standpoint that we are both extremely disappointed that it took more than two months after the August 10 extraordinary challenge decision, the final decision at NAFTA, before we had an awakening by the Prime Minister. He finally was willing to talk to the President on this dispute. By that time, much of the advantage of our long, hard fought win, which was several years in the making, culminating on August 10 and predictably in our favour, was lost.

My history on the file goes back quite a long way. I have a fairly strong memory of how the government has failed us. I would like to review that a little just to remind people, because there are some inventive imaginations and shameless storytelling that goes on.

As long ago as January 2000, I met with the Free Trade Lumber Council and the American Consumers for Affordable Homes, both in Canada and in Washington, to prepare my party for the upcoming expiry of the softwood lumber agreement, which was the quota arrangement that ran from 1996 to March 31, 2001. We had a well-enunciated position. I shopped it around for the other parties. Right up until March 31, 2001, we had no idea where the government would take us.

• (2055)

There was a strong suggestion that the government was going to roll over the old agreement. It was quite a victory to find out that the Liberals were not going to take that distorting quota arrangement and just roll it into another agreement.

However, there was no signal on that. As a matter of fact, every signal was that the Liberals were going to take no leadership. Their leadership position was that they were going to take no leadership. It was like the anti-leadership positioning of the Liberal Party of Canada, the Government of Canada. I can talk privately about some conversations as to how that was enunciated, but I would just as soon not embarrass those individuals right now.

*Government Orders*

After that non-rollover of the agreement, we had free trade until May 2002 when the tariffs were put on. This was very obviously going to be a long and hard fought battle. All of the rules were stacked in favour of the U.S., in some respects because of the Byrd amendment, which redistributes tariff money back to the complainant companies in the U.S. That came into effect in 2000. This was also the first time we had a lumber war under the full provisions of NAFTA.

There was some strong and serious legal thought put to where Canada would be placed over time. It was that thought which led to the 2002 proposal on loan guarantees, backed by EDC. Really what this was is EDC guaranteeing our cash deposits to tariffs as a receivable, so that creditworthy companies can retain their creditworthiness and can continue to use that receivable as an instrument for borrowing power if they should need it.

That was put forward and that is what has never actually gone anywhere with this government. It was rejected by the trade minister of the day. It was resubmitted to the current trade minister in 2004, with the response that there would be no response. It was like the no leadership leadership; there would be no response because NAFTA was still going on. At that time, we knew we were in a waiting game again. Industry knew that.

We now have a circumstance where, on September 14 of this year, after the August 10 NAFTA decision, that proposal was resubmitted to the trade minister. The signs so far are that it will not be acceptable to the government because it might ruffle some U.S. feathers. We have this indeterminate process where the government is basically saying, "We are going to come up with a package. We have no idea what the package is". The government has had three years. I guess that is not enough time.

Why are they dismissing the EDC proposal? There is no technical reason and the Liberals do it for other sectors. They have certainly done this for Bombardier and others. We are not sure what the impediment is.

In the meantime, they have done some ad-hockery. It is the normal non-leadership leadership of the Liberals coming up with some ad hoc positioning of \$50 million for an assistance package for the forest sector in the province of Quebec. Other jurisdictions have yet to see anything.

We have major challenges in the forest sector across the country. This is what people need to understand. In coastal British Columbia where I am from, there is major grief and financial hardship. There are companies that are hanging on by their fingernails.

● (2100)

What is going to happen, unless the government displays leadership, is that there are going to be regions pitted against regions or partial regions pitted against each other. This needs to come to an end. We are not seeing the kind of leadership we need.

**The Chair:** I see three or four members who have questions, so I will ask members to keep this short and snappy.

The hon. member for Thunder Bay—Rainy River.

**Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.):** Mr. Chair, municipalities throughout Ontario have been petitioning the

federal government due to the cash-strapped situation of the softwood companies. They cannot reinvest or retool and are very much concerned about the loan guarantee aspect. I know that the member for Vancouver Island North is well aware of this.

For the record, the previous questioner was from Thunder Bay—Superior North. The member in front of me is from Kenora, straight up. I am from Thunder Bay—Rainy River, where the previous member was Stan Dromisky for Thunder Bay—Atikokan. That is just a little parliamentary geography and history.

The second part of my question deals with this push from these municipalities. We are receiving many petitions and concerns. The hon. member has been to Washington many times. I have been there once, so I am vaguely familiar with the difficulty of getting our message across and with the need to get the elephant's attention, essentially.

The role of an envoy has been mentioned. I have seen how things are done in Washington and how determined, consistent and persistent we must be to get American attention and how much effort has been expended by the government. I have watched the Minister of International Trade and several other people consistently sending the same message in a very diplomatic, straightforward, logical and rational view. How would that envoy's role open more doors?

● (2105)

**Mr. John Duncan:** Mr. Chair, I heard the member's clarification on the riding names. I would like to say that I called the member for Kenora the member for Kenora—Rainy River simply because the member for Thunder Bay—Superior North called him the member for Kenora—Rainy River. That used to be the name of the riding. I am not at my normal desk and there does not happen to be a seating plan on this desk. These things happen.

However, on the questions, municipalities are an important level of government. I think they are asking some very important questions. We are finding more and more advocates that are signing on to this whole issue of EDC backing, because it treats the entire industry the same and does not pick winners and losers. It makes a neutral decision. That is the best kind of decision the government can promote. I think that is an important event.

I agree with the member that most of what the ministers and Prime Minister have been saying most recently on this issue in the Canadian context or even in the famous speech in New York is primarily seen, heard or thought about by only a Canadian audience. There has been some very strong work done by members of Parliament and some of our senators.

A group of us from Canada and U.S. were in New Brunswick on the weekend. We were with 10% of the Republican caucus, with 6 members out of about 60. I thought we made some real progress, but when I came back to Ottawa and witnessed what our non-leadership leadership was doing, I thought that all of our good work had actually dissipated within a day or two of our return because of some very unfortunate and inconsistent positioning.

*Government Orders*

Finally, on the question of the usefulness of envoys, I do not know if the member was here when the leader of the official opposition spoke earlier, but he gave an example of a time when we had a very intractable situation on acid rain. Envoys were appointed from the two governments and they came to some resolution on that very intractable situation, a resolution which is standing the test of time fairly well, so there is a living example. We think it could be very useful.

**Mr. James Lunney (Nanaimo—Alberni, CPC):** Mr. Chair, the member mentioned disappointments and the two months that it took after the extraordinary challenges committee reported to finally get a telephone message to the Prime Minister.

I certainly want to say that the people in my riding were disappointed. They have had a lot of disappointments in the years that this file has been lingering on with so little action taken on it.

In Nanaimo—Alberni, we have the Franklin division scaled right back, the logging division, formerly of MacMillan Bloedel and then of Weyerhaeuser when it was the owner, and now of Brascan. We have lost the entire Sproat Lake division. Logging is shut down. A lot of people are at home who used to be working and gainfully employed in this industry. They are just are not working anymore. They are disappointed.

Just a few moments before the hon. member spoke, my colleagues, the members for Kenora and Thunder Bay—Atikokan, were talking. We applaud their efforts to get loan guarantees in here, but it is late in the game. These guarantees would have made a huge difference earlier, when some of our companies were much more sound. It is late in the game now.

I know the hon. member was active on this from the beginning in recommending that we take action on this. I wonder if he would care to review the earlier activity on this file when he was asking for loan guarantees way back at the beginning of this conflict.

Second, there was a comment made by one of the members from the NDP about the Byrd amendment and the moneys held back by the U.S. that have already been distributed. I think he said they have already been paid out so they cannot be receivables. I know the hon. member is knowledgeable on this file and I wonder if he would care to comment on that.

Perhaps he would also care to comment on other industries that have been supported very generously by this government while our softwood industry has been hung out to dry.

● (2110)

**The Chair:** Again I have a reminder that more people would love to ask a question.

The hon. member for Vancouver Island North.

**Mr. John Duncan:** Mr. Chair, I will be very quick. The first time that this was proposed, all of the opposition parties combined actually accepted our invitation to present the joint submission through a press conference on the EDC backing of these cash deposits as receivables. That occurred in 2002, but it occurred at a time when the government had a majority. There was no interest at all from the government. Now we are in a different circumstance. I think the dial is turned up a certain amount on the government.

To answer the second question on moneys that have been returned under the softwood arrangement to American industries, that amounts to about \$14 million. That \$14 million represents moneys collected from companies that were fed up with filling out the legal documents that were required to stay in the game of being able to eventually recover this money. There were many smaller companies involved. This is one more argument for why we need the government to provide some umbrella in terms of some way to reimburse on the legal fees front to preempt this unfair distribution of their tariffs.

**Hon. Mark Eyking (Parliamentary Secretary to the Minister of International Trade (Emerging Markets), Lib.):** Mr. Chair, I would like to comment on the speech of hon. member for Vancouver Island North. I had the pleasure of travelling with him to Washington a couple of years ago. Along with some other MPs, we had to try to open some doors in Washington and talk to some of the senators and congressmen. He knows very well how difficult it is to get their time and to put our case forward.

He says he is very much in favour of an envoy and sending an envoy to Washington. He has also stated that he is in favour of opening negotiations. I would just like to know what the clear position is. If we send an envoy to Washington, will the envoy be opening negotiations? The Leader of the Opposition says there are no negotiations.

Could I have some clarity from the member for Vancouver Island North on the exact position of the Conservatives? Are there negotiations or not?

**Mr. John Duncan:** Mr. Speaker, this is unbelievable. I have just gone through a whole speech in which my preamble dealt with the fact that we cannot put words in people's mouths. These envoys are to communicate at the highest level. This is not negotiations. The NDP has tried to portray them that way for its own political purposes. Now we have my colleague from the Liberal Party stating that I have said we should be negotiating. I did not say that at all. I am profoundly disappointed that this thought is being kicked around. It is obviously something that we have never stated and I refute it in every way.

**Mr. Andy Savoy (Tobique—Mactaquac, Lib.):** Mr. Chair, I am pleased to have this opportunity to speak on the Government of Canada's strategies and maritime perspective on the challenges faced by maritime lumber producers.

I come to this debate from a fairly strong background in softwood lumber and the forestry sector in general having owned a woodlot. I still own a woodlot and I worked in softwood lumber. It is something that is certainly very important to the economy in my constituency. I have many friends and neighbours who work in the industry, so the sector that is critical to not only my friends and neighbours but the economy employs about one in six people in my riding.

The Government of Canada places the highest priority on resolving the softwood lumber dispute, and so it should. Our government, as I do, recognizes the vital economic importance of the forest products sector to Canada with sales of \$59 billion a year and a total of 1,200 communities across Canada entirely or heavily dependent on this sector. Forestry contributes more to our nation's surplus than the automotive, metals and fisheries industries combined.

*Government Orders*

In Atlantic Canada alone there are over 785 lumber producers and 72,000 woodlot owners. I am proud to say that I am one. They owe their livelihoods to the lumber business. In my native province of New Brunswick, it is a \$670 million a year business that provides 28,000 jobs or one in eight New Brunswickers with employment. It accounts for more than half of New Brunswick's exports making our province more dependent on softwood shipments than any other province in Canada.

Underpinning the success of this industry are free, open and competitive markets for Atlantic Canada's forest products, especially in the United States, where 90% of our New Brunswick products are sold. Although Atlantic Canada was spared the one-two punch of countervailing and anti-dumping duties in the last round of U.S. trade tariffs, the anti-dumping penalty alone has had very serious consequences for our region's forestry industry and our economy.

Until this shortsighted protectionist trade action, Atlantic Canada had enjoyed free and unrestricted commerce in logs and lumber with the U.S. These duties were clearly based on politics, not proof. The U.S. has always regarded our region as a free and fair trader, acknowledging that 75% of the timber cut in the Maritimes is cut on private land. Yet, even though the region had never been accused of being unfairly subsidized by stumpage fees, our producers were still slapped with an anti-dumping penalty. The consequences have been devastating.

Everyone loses in a trade war and in my riding we have lost big. On Monday two Fraser owned company mills shut down in my riding forcing 400 people out of work. That was the same lumber mill where I started my engineering career. While working there in 1988 and 1989 in the refurbishment of that sad lumber mill, it increased production on an eight-hour shift from about 80,000 board feet to about 260,000 board feet and subsequently it has gone up to 360,000 board feet. It employs a couple of hundred people, people who I grew up with, people I worked with and people I call friends.

This has had a very devastating impact and the softwood lumber dispute was one of the reasons cited for the layoffs. These shutdowns have occurred in communities not just in New Brunswick, not just in Atlantic Canada but all across Canada. We know that. They have also occurred in Plaster Rock, New Brunswick, where the softwood dispute really dealt a blow. We need action by the U.S. and we need it now.

As the MP for Tobique—Mactaquac, where one in six jobs depends on the forestry industry, I fully support the government in its efforts to find a long term, durable solution to the problem. I must stress durable solution to the problem in order to protect our nation's lumber interests. These efforts that the government is taking are focusing on litigation, political intervention and advocacy.

On October 14, the Prime Minister raised the softwood lumber dispute with President Bush, stressing its importance to Canadians. The Prime Minister spoke out forcefully about the importance of all of the NAFTA partners living up to their obligations. This was amplified, as we all know, by his speech at the Economic Club of New York on October 6, and he will continue to do so as long as the U.S. imposed duties remain.

●(2115)

The Minister of International Trade has spoken with his U.S. counterpart, U.S. Trade Representative Rob Portman, on several occasions to express Canada's strong concern over U.S. intransigence on the lumber file and the need for the U.S. to comply with its NAFTA obligations. Canada will continue to raise the softwood lumber issue at the highest level of the U.S. administration.

In regard to Canada's advocacy efforts, our main goal is to foster American support for Canada's position and to remind key U.S. decision-makers that this dispute has negative implications for U.S. as well as Canadian interests.

I had the pleasure and honour of travelling to Washington on four occasions now. On each occasion I met with those interest groups to explain to them the damage that this was having not only to Canadians, to my constituents, to Atlantic Canadians, but to people in the United States as well. I explained the big impact it was having to people in the home construction industry, for example, people who are working in Home Depots across the United States and people who are being severely taxed by this dispute. By some estimates there is a \$1,000 increase in the average price of a home. We have played a strong advocacy role on that front.

We are taking advantage of every opportunity to put our message and our position before American decision-makers and those who will influence the lumber file. Ambassador McKenna has been sending Canada's message loud and clear to key groups and individuals in the United States. He is saying that U.S.-imposed duty on Canadian softwood imports hurts American businesses and consumers. Countervailing and anti-dumping duties on Canadian lumber negatively affect many other American industries and workers whose businesses use lumber. These advocacy efforts inform Americans that they are paying the price in order to benefit very narrow protectionist interests.

On March 2 the Minister of International Trade headed a delegation of federal, provincial and industry officials to Washington to promote Canadian-U.S. trade and to raise awareness of this issue. As I said, Ambassador McKenna and other officials have and will continue to meet with members of Congress to press Canada's position in Washington.

Canada has been working with U.S. organizations that share our view that these duties are detrimental to Americans. We are working with the major U.S. corporations, consumer advocates including Home Depot, American Consumers for Affordable Housing, the National Association of Home Builders to name just a few. I had the pleasure of meeting with some and they truly understand Canada's position and the impact this is having in the United States.



We will continue to seek new allies as well to make Canada's view known to influential U.S. policy-makers. We are getting the message out to key American audiences who must be made aware that jobs in America's lumber-consuming industries outnumber jobs in the U.S. lumber-producing industries by 25 to 1. The restrictions on Canadian lumber imports put American value added jobs at risk.

Key American audiences must be made aware that the U.S. industry cannot, on its own, meet U.S. demand for quality structural lumber. The U.S. duties on Canadian lumber disrupt a stable supply of high quality lumber. The American public must be made aware of that \$1,000 increase to the price of a new home. The government's enhanced advocacy efforts ensure we get Canada's message across to our southern neighbours that the import tax on Canadian softwood hurts Americans.

The softwood lumber dispute also threatens to undermine North America's reputation as being one of the most predictable and transparent places in the world in which to conduct business. U.S. actions damage the large and integrated North American market by compromising the rules-based framework that governs it, NAFTA.

The NAFTA dispute settlement rules must work the way they were intended. Our advocacy efforts will raise the importance of NAFTA to the United States. Ambassador McKenna will make it known to audiences that the U.S. position threatens to undermine NAFTA.

The government's advocacy efforts also include a wide range of activities that many people in this House deserve credit for, including the Canada-U.S. interparliamentary group. This group hosted in St. Andrews, New Brunswick other members of Congress to discuss softwood lumber and other issues, and they should be commended for that.

• (2120)

We need an agreement that respects NAFTA and then further negotiations that respect Atlantic Canada's historical exemption to U.S. trade penalties. We need a durable solution. The sooner that agreement is reached the better for companies and consumers on both sides of the border.

[*Translation*]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Chair, I am pleased to speak after my colleague from the Maritimes. I had been getting the impression, this evening, that an additional step was being added to the issue of loan guarantees. The Bloc Québécois put this on the table several years ago. Now, all the opposition parties agree on the need for such a measure in order to consolidate Canada's position.

This evening, the chair of the Liberal forestry caucus told us that, to a certain extent, he hoped that there would be loan guarantees in the plan the government proposes. I even heard him say, at the end of his remarks, that the minister was preparing to announce various measures in the near future.

I want to know my colleague's opinion as to whether this evening's debate could be used to ensure that the government will ultimately include loan guarantees in its plan.

### *Government Orders*

In fact, telling the Americans to respect their NAFTA commitment should be enough, but it is not. We could also tell them that we are going to grant loan guarantees to those from whom they have withheld \$5 billion, that these companies will still be around when the debate is over and we have won on the free trade issue.

Does my colleague not consider this an excellent way to show the Americans that we are serious about our position, that we are not just talking the talk, but that we can also walk the walk?

Such actions will ensure that they will not be able to win merely by resorting to delaying tactics. Is this not a good way to send them a clear message that, ultimately, we will win this battle?

• (2125)

**Mr. Andy Savoy:** Mr. Speaker, I thank my Bloc Québécois colleague for his question.

[*English*]

One of the options the member mentioned is loan guarantees. It is being considered by the forestry caucus and the member who is chairing it, whom I must commend, the member for Kenora—Rainy River, is looking at this issue. There are some aspects of loan guarantees which must be examined. For example, the issue of countervailability of loan guarantees is an issue that we know is very important in this dispute and that issue has to be examined.

The key issue is also that after the return of \$3.5 billion, the disputed ADD and CVD duties, we have to negotiate a long term durable solution that addresses the root of these subsidy allegations. It has to be addressed and considered. As we know, this has been a long process. We have seen this process in place with some type of litigation against Canada since 1986. For 20 years we have seen this action.

The Maritimes have been exempt in the majority of those situations, but I think this speaks to the issue of a long term durable solution that addresses the root of a lot of these subsidy allegations.

**Mr. John Duncan (Vancouver Island North, CPC):** Mr. Chair, just as a side bar, I notice that the member for Kenora continues to be called the member for Kenora—Rainy River by many of my colleagues from all parties who were here before this Parliament, because that was the name.

My question for the member is related to the fact that we often talk about how long this dispute has been really going on. I think we are into what most people term lumber four. However, this is the first time that we have dealt with the lumber dispute in the context of the Byrd amendment and all of the provisions of the North American Free Trade Agreement. That changes the entire equation. That is why the government needed a strategy, a plan, an approach. That is what has been lacking.

Now after three and a half years of wandering in the woods we have some of the Liberal caucus saying that it is in favour of loan guarantees. We have ministers saying they are still looking at it. We have other statements that perhaps there is going to be some other plan that is delivered.

*Government Orders*

Is there no shame, embarrassment or sense of urgency on the other side to say, "This is long enough. We're going to deliver. This is what it's going to be". Can we not have some expectation of a timeline on all of this?

• (2130)

**Mr. Andy Savoy:** Mr. Chair, the member knows that this process has been going on in some form or another for 20 years.

Since the beginning of this last transfer, the fourth launch of this situation, we have been pursuing a two track process initially, which is litigation continuing with negotiations along the same track. We have won on the litigation side and we are asking the Americans to respect that under NAFTA.

By the same token we are carrying on with political advocacy and we are carrying on with the political lobby, a lobby from all Canadians who would like to come to the table and lobby. It is very important on the ambassador side, on the government side and I assume on the opposition benches as well that we should all be agreed on one thing, that we should be advocating for the U.S. to follow NAFTA.

Once that is followed and the disputed duties of \$3.5 billion are paid out, we can look at a negotiated settlement, but a durable solution, not a negotiated settlement that will result in another round, the fifth round of this process, a fifth launch of litigation by the United States. We need to find a durable solution that will address the root cause of the last four of these subsidy allegations.

It is critical that we look at a durable solution that will address the root cause of these subsidy allegations after we have talked about and received the \$3.5 billion back in CVD and ADD.

**Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC):** Mr. Chair, the member for Tobique—Mactaquac commented that there has been a lot of lobbying and a lot of contact back and forth. I received a letter today dated October 20, five days ago, signed by 21 U.S. senators which kind of indicates that we are not making a lot of progress. This is a letter to the secretary of commerce, and I will just read certain parts of it:

Dear Mr. Secretary:

There is no question that Canada subsidizes the lumber industry. The Commerce Department has repeatedly found significant countervailable subsidies—

It goes on. Basically it says that they are urging the secretary of commerce to continue.

—we urge the Department, in responding to this flawed NAFTA decision, to fully consider and utilize any legal and appropriate alternative that would allow this essential trade law relief to stay in effect.

My point is we are not making a lot of progress apparently by that letter from 21 senators. Even though they are saying that Canada subsidizes its industry, there has never been an accusation that Atlantic Canada subsidizes the industry. We have a completely different regime there and we have protected it religiously and avoided any possible steps that would allow even an alleged accusation of subsidies.

If we do make some headway with the U.S. in getting the money back, what exactly does the member see the process is to establish this durable solution that he talks about?

**Mr. Andy Savoy:** Mr. Chair, as I said, the first step in this process is to receive the \$3.5 billion back in contested anti-dumping duties and countervailing duties.

After that is completed, we must move into negotiations. As we know, the negotiations in the past did not work. We should not fool ourselves. We have had 20 years of this. We had 19 months of those 20 years where there has been no trade solution, no trade dispute, if you will, some type of quota or countervailing duties. In 20 years we have had 19 months.

This time around we need a durable solution that will recognize Atlantic Canada's traditional exemption and will recognize the root of these previous subsidy allegations and the root of these previous problems.

As we move forward we need to look at the root of the previous subsidy allegations. We need to look at the traditional exemption for Atlantic Canada and come up with a durable solution.

[*Translation*]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Chair, why are we having this take note debate this evening on the softwood lumber issue? Quite simply because the dispute has not been settled. The Americans have decided not to respect the NAFTA panel ruling. We are in a situation where a free trade agreement should apply. The Americans have decided not to respect the ruling. This is the situation we are in today. To show how serious the situation is, I want to read a few lines from a letter that was sent to me by a Tembec employee.

Now the situation is getting even worse. This year we have seen plant closures that have resulted in many direct and indirect job losses. Tembec has over \$300 million tied up in the United States because of the softwood lumber issue.

Further on, he says:

The forestry industry operates for the most part in small towns and villages. If the forestry industry is not given any support immediately, we will see even the small towns and villages shut down.

This is not a Bloc Québécois member or an opposition member talking. This is someone who, as a worker in this sector, is experiencing what the forestry industry is going through today.

The same thing is happening in my riding, whether in Saint-Pamphile, Saint-Joseph-de-Kamouraska or Saint-Juste-de-Bretonnière, where there are companies, people and entire villages that depend on the forestry industry. We are all wondering the same thing. How do we get out of this jam? The Americans do not want to respect the NAFTA ruling. In my opinion, the answer is in the question.

*Government Orders*

Take for example the letter my colleague was mentioning. Twenty U.S. senators have signed it and said that Canada subsidizes its lumber industry. We have taken the right position. What they fail to mention and what we should say in response is that the agreement was examined by a NAFTA panel, which ruled in favour of Canada. We could respond to them and go to Washington as well. We could tell them that the Government of Canada has decided to support its companies by giving them loan guarantees to help them get through this crisis. This is what is currently missing from the government's position.

We are putting up a brave front. The Prime Minister told the Americans they should keep their word. That is very good. That covers a good part of what needs to be conveyed. But the part that is missing is, "I will stand by my companies right to the bitter end. I will give them loan guarantees. When the legal battle is over, they will still be standing. Then, you will give them back the money you levied illegally".

That part is missing in the government's mandate, and this is seriously hurting the Canadian government's bargaining position. Hopefully, our debate this evening will regularize the situation. In recent years, the Bloc Québécois has repeatedly asked questions about loan guarantees. One needs dogged determination to get anywhere in this Parliament. Today, questions on this issue were put in the House of Commons by all opposition parties. This evening, the president of the Liberal Party's forestry caucus said he was examining this position.

I hope that the debate this evening will leave the door open for the government to act. I am wondering where the blockage is in Cabinet. We kept asking ministers why they were not acting. We never got a clear answer. Legal opinions have confirmed that certain elements were consistent with NAFTA, consistent with WTO rules. But the federal government is not jumping on this opportunity. It is difficult to understand why it is not moving forward on this initiative. The government's strategy is therefore incomplete. I think that this strategy should be beefed up.

First, why would we in this Parliament not pass a motion stating that we deplore the fact that the American government is not keeping its word? Why not send this motion passed by Parliament to all those who are currently negotiating free trade agreements or any other type of agreements with the U.S.? The message would no doubt hit home one way or the other if we said that the Americans do not keep their word. I think that this approach should be considered.

There is also the Canada-United States Inter-Parliamentary Group, which has already done a fair amount of work in this regard. This summer, I took part in three parliamentary missions. It made me realize how unaware Americans were of this issue. Something that makes headlines here is hardly mentioned in American newspapers.

• (2135)

The Canadian government must really send a much stronger message through diplomatic channels. There are tools available at every level. For example, we distributed maps of each U.S. state that benefits from trade with Canada. We must knock on doors and ask for a reversal of position in a much more energetic fashion.

If we maintain our current attitude, if we merely assert that we are right, that we won our case before the NAFTA panel and demand that the Americans do something, we will not succeed. Once the legal battle is over, there will be no one left, because our businesses will either have been sold or will have shut down. Unfortunately, that has already been the case for a number of them.

I have another suggestion. Earlier, we heard about a partisan Liberal caucus on forestry issues. Why not expand this caucus to include all members of the House and use a non-partisan approach? We could then adopt a common position. Hon. members could also use their frequent flyer points to go to Washington. Would it be possible to have a large number of MPs influence public opinion by travelling to Washington and making Americans aware of the seriousness of this situation and of its negative impact on them?

A few years ago, we undertook phase one, assuming that we would win before the courts and then the Americans would have to bow to the decision. Today we are aware that they have not budged. So now other means have to be used to get them to pay back what they collected improperly.

As members of this House, we have a responsibility to show the Canadian government that its present position is inadequate and too soft. It talks a good game but does not follow up with actions.

There are people affected in every one of our villages, factories are closed or downsized, and families are suffering. The income they were counting on is no longer coming in. A solution must be found. Everybody has made commitments. A motion has been passed unanimously in this House calling for a return to free trade in softwood lumber. We must take all necessary steps to achieve that result. Since the government has not yet done so, our responsibility as parliamentarians is to goad it into action.

It is my hope that in tomorrow's cabinet meeting, or in another one shortly, ministers and members will be able to score some additional points, particularly as far as loan guarantees are concerned, following on the very clear arguments that have been raised in this House. There is no time to be wasted. Many companies are at risk of having to sell out. We could then lose control over an important sector of industry. Let us not forget that our forests are already subject to other constraints that are very hard to cope with at this time, particularly the rising dollar and reduced harvest capacity. Life is very hard for people in a number of Quebec villages because cuts are below 20%.

*Government Orders*

Last week, government programs were announced to help Quebec deal with the reduction in access to softwoods. The federal government has announced a partial aid package under the same program, but is not allocating any funds to address the softwood lumber crisis, despite the fact that this crisis is one of its responsibilities. It is the one that made Canada's sovereignty an issue in this debate. It is the one that said it would seek a return to free trade for softwood lumber and that this would benefit everyone. Now it must respect its commitments. So far, it has not. As a result, it is not achieving the expected results, because it is taking too long to react.

In closing, I want to say that we have a relationship with the American government and with Americans. The U.S. economy is huge. However, we must raise and put forward arguments in order to ensure that the international community knows that the Americans are not, at present, keeping their word with regard to a ruling by a tribunal mandated under a free trade agreement. We must repeat this over and over to get the Americans to change their position.

We must restore our companies' ability to compete, an ability the Americans took away from them by collecting these duties. We must grant loan guarantees to our companies. That way, when the Government of Canada, parliamentarians and the industry put up a fight, they will know that they are well supported. This position would be different from that taken by government to date.

• (2140)

This is the weakness, the Achilles heel of the government's policy. We hope that, in days to come, we will correct this situation.

[*English*]

**Mr. Don Bell (North Vancouver, Lib.):** Mr. Chair, because softwood lumber is a very important issue to the people of my riding and more particular in British Columbia where the lumber industry is one of the major industries and the backbone of the provincial economy, I would like to ask the hon. member for Montmagny—L'Islet—Kamouraska—Rivière-du-Loup this question.

The Bloc and the Conservatives seem to have formed an unholy alliance, and we have seen some strange bedfellows in this House. Does the Bloc support the position of the Conservatives that they would send an envoy to the United States to speak on behalf of Canadians and Quebeckers on the softwood lumber issue?

The hon. member has suggested that it is taking too long. If an envoy were to be sent, such as the Conservatives have suggested, what would the envoy do? Would the envoy negotiate further as the Americans have indicated?

• (2145)

[*Translation*]

**Mr. Paul Crête:** Mr. Chair, I thank the hon. member for his question. I want to point out to him that, indeed, there is a British Columbia company called CanWest that has a sawmill in my riding. It is a relatively large company in the forest industry and its plant in our community plays a very important role. So, we have some common interests in this regard.

As regards the member's question specifically, I think that there is something we should do first. When we travel to the United States, whether it is the Prime Minister, parliamentarians through the

Canada-United States interparliamentary group, or our delegations to the United States, we should have with us the means to convince the Americans, regardless of who is the emissary and how this is done. Before we go back to the negotiating table, the Americans must admit that they have to respect the NAFTA agreement.

When we go and talk to the Americans, we must tell them that we are right, that the NAFTA ruling supports our position. We can also tell them that the Canadian government is giving our industries loan guarantees that will allow them to make it through the crisis. This will counter the Americans' main strategy, which is to make the crisis drag on and on so that, in the end, there will be no survivors left. Loan guarantees are the way to deal with this. This is how we will be able to counter the Americans. We can let them know that we will ultimately prevail.

However, if we do not provide these means, we will not achieve the result that we want, regardless of who travels to Washington. We will also not succeed even if the Prime Minister of Canada presents a position that is not supported financially.

We need tools to get a strong mandate to negotiate and win this battle. Currently, the government has not put in the industries' hands the tools that would allow them to make it through the crisis.

[*English*]

**Mr. Don Bell:** Mr. Chair, in response to the hon. member's comments, I appreciate his concern about the issue and his earlier comments on the NAFTA. Is the member aware that Canada is pursuing litigation in the U.S. courts as well as in the NAFTA and the WTO and that we are pursuing this file in every legal forum we can, which is over a dozen?

Does the Bloc believe, as the NDP has stated, that we should tear up the NAFTA or does he believe that we should pursue the course that the government has taken to get the NAFTA respected?

[*Translation*]

**Mr. Paul Crête:** Mr. Chair, that is a good question. The free trade agreement is essential. Prior to that, we had to automatically go before the U.S. courts. It will not be any easier now. The American courts are a sort of quagmire we will not get out of easily. It will take a long time before we win. NAFTA was supposed to replace that.

We realize today that the Americans do not feel obliged to respect NAFTA rulings. They are even challenging the constitutionality of NAFTA in the courts. Fortunately, the U.S. government will be forced to take a stand and join forces with the Canadian government to defend the constitutionality of NAFTA. I think that agreement is a good thing for Canada, for the United States, and for Mexico.

In light of the present situation, what is harmful to this agreement is that the Americans are not true to their word. This again shows us that agreements like NAFTA have to have decision-making mechanisms that are as clear as possible. As well, those in a position to negotiate must have solidly based arguments available to them.

*Government Orders*

As for the fact that the government is continuing to argue before the tribunals because the Americans have failed to hold up their end of the bargain, perhaps we lack the means to do otherwise. However, we are also playing the Americans' game by doing so, if we fail to grant our industry the loan guarantees it needs to survive this crisis. I believe that this is the main flaw in the government's position. The government has not given our industry the ability to survive this crisis.

For the past two, three or four years, the Americans have repeated the same message: we can wait; we will appeal every case we can; we may even dispute the constitutionality of NAFTA; that way, time will be on our side again and again; and Canadian companies will be on their last legs or taking their last breath. That is the situation we are in.

In conclusion, I want to come back to the letter I received from people at Tembec. They are speaking on behalf of all those suffering in all the regions, and they are calling for the government to adopt emergency measures.

This letter said, "If the Americans do not comply with NAFTA, we can go forward with loan guarantees. We are complying with the WTO and NAFTA, and we are entitled to take such action. We cannot be taxed for not complying with international agreements when our own trade partner does not want respect a ruling by the NAFTA panel".

As the employee who sent me the letter said, "Without immediate support for forestry companies, even small towns and villages will close. The Canadian government has the responsibility to prevent that from happening".

● (2150)

[English]

**Hon. Mark Eyking (Parliamentary Secretary to the Minister of International Trade (Emerging Markets), Lib.):** Mr. Chair, I would like to commend the hon. member from the Bloc Party on some of his comments on cooperation in the House. He mentioned many times that he would like to be a member of the forestry caucus and that we should work together. It is very important, even as Americans watch how we approach this whole challenge, that we have a unified approach in the House. It is good to hear the Bloc is interested in that.

My question to the Bloc is on its support for the NDP. Is there support for the NDP's recommendation of putting taxes on exports of energy and oil and is the Bloc in favour of retaliatory measures against imports coming into the country?

[Translation]

**Mr. Paul Crête:** Mr. Chair, personally, I think that we have to be careful not to mix apples with oranges. These are two entirely different actions. We are facing this giant, the United States. We must not necessarily tax them, but make them understand better that we are their main supplier of energy.

Last summer I took part in three parliamentary missions to the United States: one to Connecticut, one to Des Moines, Iowa, and one to Seattle, Washington. I asked a great number of American elected representatives the question. Most people thought their main supplier of energy was Saudi Arabia or other Arab countries, but it is Canada.

We need to review the entire relationship between the U.S. and Canadian governments. In my opinion, the softwood lumber crisis is evidence of our complacency in our relationship with the Americans, in thinking we were good neighbours and that everything would work out fine. The world is changing and there is upheaval. We need to make sure that the Americans have a better sense of who we are. We have to make them understand that we can broaden our market and sell energy elsewhere in the world. Then their supply might cost more not because of a tax, but quite simply because of the competition we can create on an international level.

The Americans need to feel that by not respecting NAFTA rulings, they are harming themselves internationally. We need to have the courage to confront them. I made a proposal that could be partially followed. This House could send to several other parliaments in the world a motion for the countries that are currently negotiating an agreement with the U.S., or that plan to be in Hong Kong in December to sign accords on lifting subsidies from agriculture or any other sector, that they make sure the ruling mechanism and the rulings themselves will be respected. We will inform them of Canada's example, which shows that the Americans do not respect rulings.

The Americans would have a hard time responding to this issue all over the world. It is not very diplomatic, but we have to use this type of argument. Slapping additional taxes on energy is not an adequate solution. However, we must not close the door on other ways to change the rules of the game and to open up the dialogue so that the entire planet knows that the country that claims to be the biggest promoter of free trade in the world is not keeping its word right now. We must not be afraid to say things politely.

To conclude, I repeat that we have to take vis-a-vis the Americans a position which unequivocally conveys that our industry will be well protected by loan guarantees and other forms of assistance consistent with international agreements that give us a strong upper hand. Not only do we have to speak loudly, but our actions also have to speak loudly.

● (2155)

[English]

**Mr. Brent St. Denis (Algoma—Manitoulin—Kapusking, Lib.):** Mr. Chair, I am thankful for the opportunity to say a few words as we debate a very important issue not only to Canada, but in particular to the area that I come from in northern Ontario.

It struck me as I listened to the excellent speeches this evening that we are surrounded by some very beautiful carved wood in this place. It also struck me that we have for too long taken for granted in our society the valuable role in our economy and in our culture and communities that the forestry sector has played and continues to play.

*Government Orders*

When times are good, it is easy to put aside this very important sector and not worry about it. As has been the case for a number of years now, and especially over the last months, weeks and days, we are reminded of how important this sector is to our economy, to our communities and to all of us, not only as individual consumers of wood products, but as members of a society whose very roots are in our natural resources, much of that being in wood.

I am also struck by something else. Those who may be watching this debate on television might see that there is a certain partisan aspect to this debate. Quite frankly, that may apply only to the ways that we each would solve the problem we are having with our American neighbours over the softwood lumber issue. In truth, there is no partisanship when it comes to the fundamentals of the debate. All members of the House agree that this problem has to be resolved. We have to continue to remind our American neighbours that they have before them the right decision that they should be making. We all agree that the forestry sector is important to our economy and that unanimously we want this situation solved.

Different parties would accuse the government of doing this or that or not doing enough in one area or another. I can assure the House that our Prime Minister, our international trade minister, our foreign affairs minister, the parliamentary secretary in particular, all those who are implicated in this important file have worked very hard, very diligently. Whether it is this government or governments past, whether it was a Liberal government or a Conservative government, they have worked hard to try and get this issue resolved once and for all. It is not an issue that only goes back a few years. This issue goes back decades.

I would like to put before the House that as important as the lumber industry is to northern Ontario, in fact my grandfather moved from Papineauville, Quebec in the 1890s to the Massey area. As a young man, my grandfather Arthur St. Denis became involved in the forestry industry and that was his livelihood throughout his life.

There are many aspects to this issue, but we are in unison on the need to get it resolved. I would like to take this opportunity to imagine that I was speaking to Condoleezza Rice who was in Ottawa. She is Mr. Bush's most senior cabinet member on foreign affairs. In fact, I am not sure if she is watching. I hope she is, but if not, I hope her officials and members of the U.S. embassy are watching.

I would like to tell her that this problem with the Americans is causing tremendous difficulty for many of the small communities in my riding and for the workers who work in the plants, and for the families of those workers. Those people work hard every day. They like to earn an honest paycheque, bring it home to feed their families, to educate their children and to have a good life.

● (2200)

Those people understand bad weather. They understand that forest fires cause problems for their sector. They understand that machinery breaks down. They understand all kinds of things that come along to disturb their enterprise, their workplace, just as farmers expect from time to time that sadly, there are going to be droughts or floods. These are the unfortunate parts of having a business. What these workers do not expect is a good neighbour to be disturbing their workplace in a serious way.

I call upon Ms. Rice to consider the plight of the families, whether they are in Hearst, Opasatika, Nairn, Thessalon, Chapleau, Dubreuilville, or any of the number of small communities in my riding that depend on the forestry sector. In fact I would like her to come and visit one of these communities to see what it is like first hand.

Sadly on the other side of the border there is a special interest group which is a very small group and in fact if the Byrd amendment is applied and a payout of some of the \$5 billion is made, it is going to end up in the hands of a very small number of people, a couple of dozen companies and individuals. The American consumer is not going to benefit. The American taxpayer certainly is not going to benefit. It is a net zero benefit to the vast majority of Americans and Canadians. Continuing on this line that I am speaking to Ms. Rice, it is patently unfair.

In Canada we like to play by the rules. We expect those whom we trade with to play by the rules as well. In fact I would suggest that our American friends, and they are our friends and neighbours. We are not going anywhere. We have to live together. We have to cooperate on this continent along with Mexico. We have to make it work. Whether it is softwood lumber, wheat, steel or security, it does not matter; we have to make it work. We are not going anywhere.

I say it is unfair. The message that Americans are sending to others around the world is a bad message. Should other countries be contemplating making a deal with the Americans in light of this situation, I do not know. I would be wondering about that. We call upon them to be fair.

I would point out to Ms. Rice that there is all-party support for getting this issue resolved once and for all. Notwithstanding that there are different ideas on how this is done within our country, we all agree on the ultimate goal.

I would tell her that the Minister of International Trade was in my riding in September. He spent the day visiting the little village of Hallebourg near Hearst to meet with stakeholders. Later in the day he visited Elliot Lake and those along Highway 17 from Espanola and Thessalon that are involved in this sector. What he heard consistently was not to negotiate with the Americans until they make a very serious gesture on the \$5 billion that they are holding illegally. I think they would prefer to see it all. Perhaps there is a little bit of wiggle room, but we want a very serious gesture from our American friends on those duties that are being held.

I would probably conclude by saying to Ms. Rice that regardless of what we do on our side of the border, I support the notion of providing a loan guarantee to the industry as it awaits the return of the improperly held tariff dollars in the U.S. Whether it is half, one-third or two-thirds, I do not know, but our government should advance some reasonable proportion of those dollars to the industry. I will trust our ministers and our Prime Minister on how we do that. I would say to Ms. Rice that U.S. consumers are suffering.

*Government Orders*

• (2205)

It is very interesting that a lobby group or a special interest group in the U.S. in the cement industry is doing the same thing to the Mexicans on cement as we see another group doing to us on softwood lumber. It is nothing more or less than protectionism, and not protectionism because they are worried about all the Americans, only because they are worried about a couple of different special interest groups.

I would say to her that if there is rhetoric on both sides, that is the nature of politics I suppose, but we have a greater responsibility to our kids and grandkids to create a North America that is a good place to invest, a stable place to invest, a place where our children and grandchildren can grow up and have careers and families and so on.

The Americans might say that over 95% of our trade goes without problems. I would say, so what? The 5% that has problems is a serious 5%. I would be happy to earn 5% if I had some money in the bank. Five per cent is a big number.

In conclusion, I want to commend all members. It is great that we debate how we take care of business on this side of the border. I know we are sending a unified message to our friends to the south that yes, in times of crisis, whether it is a disaster in New Orleans or a disaster here, we know we can count on each other, but that aside, we have to take care of this piece of very important business for the good of everybody on this continent.

**Mr. Rob Merrifield (Yellowhead, CPC):** Mr. Chair, I listened intently to my hon. colleague who was in a bit of dream world and wanted to talk to Condoleezza Rice. I would encourage my hon. colleague to wake up from his slumber and face reality. I do not believe that Condoleezza Rice is all that concerned about his riding, but I do believe that he is. If he is, I would like him to answer as to why the government, in which he sits as a member, sat on its laurels and did absolutely nothing while it waited for the clock to tick down on the five year agreement for the softwood lumber industry, before this ever got into litigation or got into a battle between personalities, between governments, and ruined the relationship between two sovereign countries.

The Liberals allowed the clock to tick down before any leadership was shown. They sat in a majority government and had the full opportunity to show leadership at that time and they refused to do it. They just sat there, did absolutely nothing and showed absolutely no leadership. Now the member stands and says they are wanting this to be resolved and they are wanting to show some sort of leadership at this stage in the game. A lot of the industry in Canada has lost jobs and it has ruined the lives of some individuals. Their opportunity for employment in the industry is no longer there.

Why would the government show that lack of leadership at that time? The hon. member has to go back to his place tonight and look in the mirror and answer that question, because it has negatively affected the industry in such a terrible way.

• (2210)

**Mr. Brent St. Denis:** Mr. Chair, I totally reject the basis of the member's questions and comments. First, the government, since first being elected in 1993, has shown nothing but leadership. The fact that there was an agreement in place that expired should tell the

member there was leadership. Why was the agreement there in the first place, and prior to that a memorandum of understanding?

I am trying to put as positive a tone as I can on his question and comments, but the present Minister of International Trade and his predecessors have tirelessly worked on the file without stopping, as have the present Prime Minister, who I commend highly, and our previous prime minister. It is understood that the forestry sector is among the largest exporter of Canadian goods of any sector in the country. Why would we not pay as much attention to that file as anything? It is that important to us.

I totally reject the idea that we were sitting on our laurels. In fact, nothing but the opposite of that is the case.

Just because the negotiations and discussions are held in Washington or Ottawa, not in front of the media, does not mean things are not happening. I am sure that if there is a chance to ask the trade minister at some other time what he has done, and he has told the member before, he will remind the member that this issue is a decade's old issue.

The special interest lobby group in the United States has been at this, without stop, since the inception of this problem generations ago. For us to imagine, in a Pollyanna fashion, that they will go away belies the fact that they will not go away. That is why we need to find a solution that is permanent and impermeable, so the special interest group in the U.S. cannot break through and continue to harass our Canadian industry and the people who work day in and day out in our ridings across the country.

[*Translation*]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Chair, I listened with interest to my hon. colleague's speech. I would like to know if he would agree that a major problem with our Canadian strategy at present is the lack of public awareness of this issue.

Would it not be appropriate to pass in this House a unanimous motion highlighting the severity of the softwood lumber crisis and how important it is to us that the Americans keep their word? Copies of this motion could be sent to the U.S. Congress, the House of Representatives and each state legislature in the United States. A delegation of parliamentarians could deliver it to Washington. As Canadian parliamentarians, we could tour shopping centres to explain that, in the current situation, consumers are the big losers.

Is this not basically a very clear sign that having Canadian diplomacy use traditional approaches to try and further the cause really was not enough? Such a tool should be incorporated into the current strategy; we should have a way to convey to the American public how important this issue is.

Over the summer, I have had the chance to see for myself that many members of the U.S. Congress and House of Representatives knew very little about this softwood lumber issue. In this country, it is discussed in the papers every day. Giving prominence to this issue in the United States will certainly not be easy.

*Government Orders*

Would there not be value in including such a step, starting with the Parliament of Canada taking a unanimous stand, asking that the Americans keep their word, and then having this motion acknowledged worldwide?

• (2215)

[*English*]

**Mr. Brent St. Denis:** Mr. Chair, the member raises several excellent points. Rallying the Canadian public to this cause is a very interesting proposal because there are so many issues in the lives of individual citizens.

His riding, like mine, is a very large rural area. He knows how difficult it is sometimes to get the attention of rural issues in the cities. Thankfully, we have this chamber this evening, and other times, to bring to the attention of the larger population the issues of rural Canada. Even though our mills are in rural areas and our forest workers are in the bush, Canadians should know that the corporate head offices of these businesses, which employ many people, are in the cities. There are many jobs in the cities supported by the rural enterprise and undertakings of the forestry sector.

To rally the public, I would welcome his ideas. I am sure the government would welcome the ideas of all members on how to rally and engage the Canadian public in this cause. We see Canadians get excited about an Olympic gold medal game or about some other international event such as the Terry Fox runs every September. Those are important. To rally Canadians around this cause, we in this House are doing our part. We call on the industry, the unions and the communities involved to help us in that regard.

More important, to get the attention of the American consuming public and the American legislators, he suggested we maybe need to find new and innovative ways to do that. As it is to engage the Canadians on it, we do need to find innovative measures for our American friends. It seems to me that average American citizens, just because of the nature of their news, are not as engaged with the international community as Canadians typically are. That is not a fault of the Americans. That is the structure of their news information.

His idea is that we need to stand on the steps of the federal and state legislatures in the U.S. and inform consumers directly, much like our Prime Minister did in New York a few weeks ago when he laid it out clearly. He was criticized by some members for speaking out and pushing the envelope on what kind of things Canada would need to do if its major trading partner did not obey its agreement. This would include looking around the world for other opportunities where we can find stability in our trading relationships, maybe with others who would not as likely take us for granted.

The member's comments are very appropriate and we should pay attention to them.

**Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC):** Mr. Speaker, I am pleased to stand and talk about the softwood lumber issue.

I want to take a moment to correct the very distinguished member for Yellowhead who said that the Liberals had done absolutely nothing. They did do something in 2001 when they approached the Americans with a proposal that would have completely sold out

Atlantic Canada. They proposed to take away the Maritime exemption, which the Maritime Lumber Bureau fought hard for over many years. It was so crazy it even baffled the Americans. The Americans never considered the possibility that Atlantic Canada had a subsidy on its softwood lumber. Nobody could understand why the government made this proposal. The government did do one thing in the last decade or so.

**Mr. Rob Merrifield:** I stand corrected.

**Mr. Bill Casey:** The member stands corrected, but I can understand his confusion. It is hard to find out what the government has done.

When I was first elected to this place in 1988, one of the first issues we dealt with was the softwood lumber crisis. It had been going on before I came here. One of the first battles we had was to educate the rest of the group on the fact that Atlantic Canada had an important industry and that it was unique and a little different than the rest of the industry across the country. The fact that the Department of International Trade made a proposal to the Americans that would sell out the Maritime exception was an example of the lack of understanding of the Maritime industry.

The U.S. industry claims that Canadian exports to the United States injures its business. It accuses Canada of selling our trees for less than market value. It is all about that. The Americans claim it is a subsidy. It petitioned the U.S. government for an interim countervail charge against the Canadian ministry. It said that Canadian provinces subsidized the forestry industry by selling its trees, logs and stumpage for less than the market price. It has been very successful in getting these interim countervail charges against the entire country.

However, the United States always has recognized that Atlantic Canada has different forestry practices and it has been exempt every time. I think it was 1981, 1986, 1991, 1996 and 2001 when the Americans acknowledged that the Maritime forestry industry and its practices were not countervailable because the practices were much the same as those in the U.S.

Seventy-five per cent of the lands that produce forestry products in Atlantic Canada are privately owned. Wood is marketed at market value. Even on government owned land wood is marketed at market value. The industry takes great steps to ensure that is the case.

The Maritime exemption has been recognized by different governments in the U.S. for years. In fact, they have considered a model of what the Canadian industry might look at if we were to avoid any of these countervail accusations and charges.

I want to make it very clear that the Maritime exemption does not come easy and it does not come cheap. The Maritime Lumber Bureau has established its own tracking system that satisfies the American authorities that every stick of lumber that comes out of Atlantic Canada has been grown in Atlantic Canada on Atlantic Canada land. There was an accusation that some lumber was being funnelled through Atlantic Canada from other provinces in Canada and that they were wrongly taking advantage of the Atlantic exemption.



*Government Orders*

The Maritime Lumber Bureau has invented a system to track every 2x4, every piece of wood that goes to the U.S. It can tell from what mill it has come and from what woodlot it originally came. That costs a lot of money. The bureau pays for it. It is entirely accepted by the American authorities. The bureau feels this ensures that the U.S. does not get subsidized lumber.

I can give the House another example of the price Atlantic Canada has paid to maintain this exemption.

Twice in the past the Government of Canada has offered compensation to cover legal costs in the softwood lumber battle. Both times Atlantic Canada has refused the money. It would rather not have the money than risk even an allegation of a subsidy. Atlantic Canada has chosen to pay the legal bills, and they have amounted to millions of dollars over the years it has been involved with this.

Atlantic Canada now sets the benchmark for forest practices. The Americans acknowledge that Atlantic Canada forest practices are not countervailable. It might be wise advice for other provinces to look at Atlantic Canada practices and try to emulate them. By doing so, we would not need another debate.

• (2220)

Each time we get into battle with the Americans we end up in litigation with the NAFTA panel and the WTO. Even if we win, we do not get a settlement. We recently won in the NAFTA tribunals. We lost one in the WTO but we won the most important ones at NAFTA and we are still here arguing about it. We are still paying the duties. We are still paying the billions of dollars to the U.S. because we have not been able to sort this out through litigation.

I have heard the term tonight and I have heard it a lot lately from the Liberals that we need a long term durable solution, and that is true, but the fact is, if the Americans suddenly had a revelation and said that they were wrong, that they accept the last NAFTA decision and that they will give all the money back, the very next day the U.S. industry would again petition its government and start the process all over again.

We need a long term durable solution. We need more than the Americans just accepting NAFTA decisions. We need to reach out to them. We need to start a process where we can negotiate a long term durable solution.

Yes, we need to ensure NAFTA is honoured and the agreement is kept but that is not enough. We need the Americans to move. We need to see some action on their part. I do not hear a lot about that. If we just accept the solution as being that the Americans accept the NAFTA decision, it will not be enough because they will just file another petition and start all over again. They will just take a different time period and away they go.

The government has to work a lot harder and do a lot more than just rattle its sabres and try to make the Americans live up to the NAFTA agreement. They have to start a process that will give us a long term durable solution.

I just received a letter that is only four days old. I just want to indicate where we are in this great debate with the Americans. The letter is from 21 prominent U.S. senators who wrote to Carlos

Gutierrez, the Secretary of Commerce for the United States. One line reads, "There is no question that Canada subsidizes its lumber industry". So we have not made a lot of progress.

The letter goes on to say:

NAFTA panel decisions cannot and should not force the Department to deny legitimate relief under U.S. law to the domestic lumber industry and its workers.

The letter is a very strong signal that even if something does happen and they accept the NAFTA agreement, they will be right back in the courtroom, right back in the tribunal and right back at the WTO unless we have a long term agreement to which we both agree. That has to be part of whatever we do next.

Imagine what we could do with all the money that is sitting in coffers in the United States. Imagine the health care improvements, the infrastructure improvements and the education improvements we could have if we had this money. We need the money here. We do not need it in the U.S. If we do not get it resolved, we are still sending money down every day.

In my opinion, all parties have to act in good faith. We have to honour NAFTA, but at the same time, we have to sit down and hammer out a long term and durable agreement that is acceptable to both sides. I do not mean just Canada and the U.S., but all of Canada has to agree to it as well. All provinces and regions have to be involved in the negotiations and the establishment of a deal. We had a deal before one time. One area of the country insisted that we renegotiate that deal and we are here today because of that.

We should start by trying to get some consensus and make sure we are all singing from the same song sheet and then arrive at a deal with the Americans . after they honour the NAFTA agreement. It has to be done. It is a signed, sealed and delivered agreement.

However that is not enough. We need to go on from there and negotiate a long term deal and it has to be representative of the interests of all of Canada. If there is one place where the government has failed, it has never has a unified position that represents all the interests in Canada. We have never had that through the years and years of negotiations. We have never had it and I do not believe we have it today.

• (2225)

**Mr. Bill Siksay (Burnaby—Douglas, NDP):** Mr. Chair, the hon. member kept stressing the need for a long term, durable arrangement. If NAFTA is not a long term, durable relationship negotiated freely between Canada and the United States, what the heck is it?

*Government Orders*

He is saying that we should enter into more negotiations with the United States for another long term, durable agreement when the one that we have, which his party thought was a long term, durable and successful agreement, does not seem to be working. His response to our inability to see that arrangement work properly is to enter into another set of negotiations to come up with another agreement that maybe the United States will just choose to ignore as well.

If NAFTA is not a long term, durable agreement, what the heck is it?

**Mr. Bill Casey:** Mr. Chair, that is an amazing question. The NAFTA is a long term, durable agreement but under U.S. domestic law, over which we have no control, it can start this cycle again. The American industry can petition its government to pick a different time period and say that it thinks there was injury or a subsidy given during this time period and the process starts all over again. There is no point in just having the Americans agree to this NAFTA decision. We need to have an agreement that will go forward and overrule U.S. domestic law.

There is no sense in us doing this 20 years from now. I was involved in this debate in 1988. I am still here and we are still talking about the same thing and hearing the same arguments. If the member wants to continue doing that for another 20 years, I wish him the best of luck.

• (2230)

**Hon. Mark Eyking (Parliamentary Secretary to the Minister of International Trade (Emerging Markets), Lib.):** Mr. Chair, I listened with great interest to the speech from the member for Cumberland—Colchester—Musquodoboit Valley, which is a great place to fish, by the way. I have fished there many times.

The government has always stood behind Atlantic Canada and the special case that Atlantic Canada has. Most of our woodlots are privately owned and almost negative subsidies go to our producers in Atlantic Canada. We have always stated that Atlantic Canada should be a special case and we expect the United States to continue to support our cause in that.

Does the member for Cumberland—Colchester—Musquodoboit Valley believe that the illegal fees collected from our companies by the U.S. should be returned to the companies that gave the money to the U.S.?

**Mr. Bill Casey:** Mr. Chair, I do but I think the member oversimplifies the process. I do not ever see us getting all the money back just because of the process, not because of the decision, but I certainly think it should come back.

I want to disagree with the member when he says that his Liberal government has always stood by the Atlantic Canadian industry. I am not sure of the year but I believe it was in 2001 that the Department of International Trade presented a proposal in Washington that did away with the Atlantic exemption completely. It baffled the Americans, it baffled the maritime industry and still baffles me today that it did that but it did pull it back.

The Americans stood up for the Maritimes more than the Liberal government did. They were stronger supporters of us because they said that Atlantic Canada did not have a subsidy and that there was

no allegation of a subsidy and asked why they would have a countervail against the Maritimes, but the Liberals offered it to them.

**Mr. Ted Menzies (MacLeod, CPC):** Mr. Chair, I want to commend my hon. colleague on his obvious tremendous understanding of the issue and all the years he has put into this debate. It is unfortunate that it must continue.

I also would like to express frustration on this side of the House and the will to get this solved. It is unfortunate that we are not government. I think we would have had this fixed a long time ago. It seems to me that the most common sense solutions and the deepest understanding of this issue comes from my colleagues and not from the other side of the House.

Following that, I would like my hon. colleague to comment on something we talked about a little earlier and that is the proposal that our leader put forward about envoys, which would get this above the political rhetoric, the letter writing from senators back and forth and the name-calling from the other side of this House to what the Americans have done.

Could the member please comment as to how effective he thinks the envoy proposal might be to reach some sort of a solution?

**Mr. Bill Casey:** Mr. Chair, as a former car dealer, I cannot help but answer that question with how effective was the Envoy. The Envoy was a car that was imported to Canada in the sixties and it was not very effective.

That worked very well in previous cases that Canada has negotiated with the U.S., especially the acid rain treaty that no one ever thought would happen. I was there when that was passed and it never would have been passed without that process, and I think it would work again.

However I have been at this a long time and if members were to go back and read my comments in *Hansard* for the last seven or eight years they would see that I have always advocated for a united Canadian position and one Canadian negotiator. In this case we have had every province and region go down to Washington to negotiate and then they negotiate against each other. The government has never established a united position for the entire Canadian industry.

I just cannot help but think of the expression “united we stand, divided we fall”. One of the biggest mistakes Canada and the Government of Canada has made is to not bring the Canadian industry together because the industry is completely different as we go across the country. We have many different forestry practices and in Atlantic Canada we have a unique practice and they protect it so well. They spend a lot of money and a lot of attention protecting the uniqueness of the Atlantic Canadian forestry practices.

I want to give credit to the Maritime Lumber Bureau and the president and CEO, Diana Blenkhorn, who might be listening, because she has led that team. It has been the most successful organization to represent a lumber industry in Canada. However the bottom line is that we need a united position and if we do not have one we will never succeed in any negotiations with the Americans.

*Government Orders*

• (2235)

**Hon. Roy Cullen (Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Chair, I was puzzled by the comments of the member for Cumberland—Colchester—Musquodoboit Valley when he talked about the need to have a unified position, when in fact it has been Atlantic Canada that has been one of the dividers of the Canadian position on the basis that because there is more private land in the Maritimes and it has more auctioned timber it is as pure as the driven snow. This has been counterproductive in terms of coming up with a unified Canadian position.

I was disappointed when I read in the paper recently about the position taken by the Maritime Lumber Bureau when again it seems to be trying to split Canada's unity on this issue.

While I take my hat off to what Atlantic Canada is doing, it is strange that to hear some say that because it has more private land and auction that is somehow implicit that there is no subsidy. It sort of presumes that if there is no auction system there is a subsidy. In fact, in 1982 the countervailing duty process concluded that there was no countervailable subsidy. Again in 1992, the Department of Commerce ruled that log export restrictions and stumpage were not countervailable. These were independent panels saying that just because there is no auction system that does not mean there is no subsidy.

I wonder if the member could comment on the divisive positioning sometimes of Atlantic Canada on this issue and the question of export subsidies and auctions.

**Mr. Bill Casey:** Mr. Chair, as long as I am here I still get surprises when people stand and ask these questions. I find that approach absolutely amazing, that he would question the activities in Atlantic Canada. He does not have to ask me. He should ask the Americans who say that there is no subsidy. The Americans are the ones who say that if the rest of Canada had forestry practices like Atlantic Canada, we would not be here. We would not have \$5 billion dollars sitting in a bank in the United States that we want to get back but may or may not ever do.

What an amazing admission by the Liberals that they do not understand the basic premise of this. The Americans are making the accusation against us. There is no accusation against Atlantic Canada. How the hon. member could stand and make that silly statement, I will never understand. It is the Americans who are calling the shots. They are making the accusations that if other provinces had the same forestry practices as Atlantic Canada, we would not be here because there would be no argument.

• (2240)

**Hon. Roy Cullen (Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Chair, I am happy to discuss this matter, which is really about the integrity of the NAFTA process. What we are seeing here is a shaking of the confidence of the parties, certainly the parties in Canada, as to how we resolve disputes.

We need to remind ourselves that this NAFTA panel considered an extraordinary challenge to the decision of a previous NAFTA panel. It is the right of the United States to do that, but this extraordinary panel also concluded that there was no injury to the U.

S. lumber industry. That was after a panel had concluded previously that the amount of subsidy was well below the amount that had been determined by the commerce department.

Irrespective of all that, even if we do not accept the premise that the panel has concluded, and rightly, that there are no subsidies, the other panel concluded that there is no injury. Even if there are subsidies, which I do not accept, nor does this panel, if there is no injury, how can there be a cause for countervailing duties?

We know that the issue is about market share. We know that whenever the market share of the Canadian lumber producing industry gets beyond 30% or so, the U.S. launches another countervailing duty process.

Under NAFTA, we have concluded arrangements with respect to energy. How do we know that the United States, Canada and Mexico might not have disputes around the energy provisions of NAFTA?

If we do not have any confidence in the way that these disputes are resolved, then surely that puts a whole range of products and trade into question.

That is why I think it is important that we seek alternatives for our energy, for our oil and gas. We do not want to get caught in a dispute with the United States over energy and get into the same tangled mess that we have here with softwood lumber. The reality is that we do have options.

I myself think it would be preferable if we could work with the Americans on energy, but frankly I think they have shown they do not respect the way that disputes are resolved under the NAFTA and we do have to look at different alternatives.

The members opposite have talked about this letter from 21 U.S. senators about the fact that Canadian softwood lumber is subsidized. I guess they have not read the panel decisions from many years past, including the current one, that have decided just the opposite, that there are no countervailable duties eligible with respect to alleged subsidies.

I am wondering if they would also understand that if we wanted to put up a mill in the United States we would be offered incredible subsidies at the state and local government levels to put in a pulp mill, a sawmill or a panel board mill. I know that from personal experience. What about those subsidies? I suppose they do not count.

What about the subsidies that are offered to U.S. agricultural interests? Are they not subsidies? I think they probably are.

What about the subsidies provided to auto manufacturers in the United States? In fact, I saw a list. For the last 25 or so U.S. auto plant expansions, the subsidies at the state level were in the vicinity of 30% to 40% to 50% of the capital costs. This is at the state and municipal or local government levels. I do not suppose they call those subsidies.

*Government Orders*

The U.S. forgets about those subsidies and then it says there are subsidies in the softwood lumber industry in Canada although independent panels have concluded just the opposite after very thorough reviews.

A study done recently by an independent group of management consultants showed that the forest products industry in Canada is about 40% more productive than the U.S. forest industry. That is on what we call the basis of total factor productivity. It is 40% more productive.

I know from my experience in visiting the U.S. markets for softwood lumber that the builders, carpenters and contractors much prefer the lumber that comes from Canada compared to the southern yellow pine. It is a better product. It grows more slowly. It nails better. It does not warp and wane so much.

● (2245)

We have a good product. We have a very productive industry. We have a good source of raw materials. We have a highly productive labour force. We have a good infrastructure. I am wondering if it is not conceivable that in softwood lumber Canada has a comparative advantage over the United States. Is that too much to accept?

I would be the first to admit that in certain sectors the United States might have a comparative advantage over us, perhaps in IT or telecommunications. I do not know. I have not studied all the different sectors. Why is it so difficult for the U.S. to accept the fact that maybe we have a comparative advantage in softwood lumber?

As for all these countervailing duty initiatives that emanated out of the United States, of course we know the reason. It is that there is a very strong U.S. producer lobby that seems to be able to get its way time and again in Washington, D.C. Even though lobbies are formed on behalf of builders and buyers of homes, they do not even come close to the lobby of the U.S. lumber producers.

Every time one of these countervailing duty initiatives is launched, we have some winners and some losers. The losers are the homebuyers in the United States, and of course the sawmilling communities in Canada suffer as a result of layoffs and mill closures and the uncertainty that surrounds a lot of this.

We know who some of the winners are. Lawyers in Washington, D.C., and here in Canada make a lot of money out of this, along with the U.S. forest products companies. We know that in the United States there is more private forestry land. Every time a countervailing duty action is launched, the value of private forestry lands increases, so share prices go up for companies that own a lot of private forest lands.

We also know with these countervailing duty actions that lumber producers in the Czech Republic, Latvia, Russia and South America are very happy to increase their market share in the U.S. as a result of these disputes. Their market share has increased. It is nothing compared to Canada's, but I am wondering if anyone has ever looked at whether lumber is subsidized at all in Russia or the Czech Republic. I do not know. It is a question that someone might want to look at.

The thing is that this whole matter really comes down to the process of the NAFTA and it is really causing great harm to the way

that disputes are resolved. As I have said before, if we look at other sectors in the United States we see that there are many subsidies provided by the United States government.

Unfortunately, the way the countervailing duty process goes, the only thing that Canada can do is respond to the questions posed by the United States. The United States does not have to defend any incentives or subsidies that it provides to its forest products industry. The whole process is skewed in favour of the United States.

I think it was in 1996 that the United States producers had the audacity to argue that restricting log exports in Canada was a de facto or effective subsidy. That is because the domestic policy here in Canada says that we want to encourage value added, so we do not like to see raw logs exported. The Americans said that this kept the domestic log market deflated and they alleged that it was an effective subsidy. Again, that was struck down by a panel, but this is the kind of nonsense that we see out of these processes.

While I agree that we need to find a durable solution, I am not sure what that durable solution is if we cannot rely on the U.S. to honour its trade agreements that are currently in place. The reality is that what the U.S. must do is honour NAFTA.

● (2250)

This issue has been through the NAFTA processes so many times, and it has been concluded so often that there are no countervailing subsidies. In fact, this panel has even concluded that there is no injury, so if there is no injury to the U.S. producers and there is no subsidy, how can the United States possibly be collecting tariffs?

The tariffs have to come back. The U.S. has to honour its commitments under the NAFTA. Perhaps we then need to look at a durable solution, but to do that I think we must have some very concrete undertakings from the U.S. government that any dispute mechanism that is put in place will be respected and honoured by the U.S. government.

**Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC):** Mr. Chair, I have a question for the parliamentary secretary about a particular sector of the forest industry. Independent lumber remanufacturers are actually the only part of the sector that is growing in employment these days. They are a non-tenured group of companies. They buy wood on the open market and then add value and likely some sort of profit margin.

They are particularly hard hit in this softwood lumber dispute because they pay duties on the sell price, not on the lumber portion only, so for whatever they do to add value to it and any profit, they get charged the duty on that. They are now hearing that the tenured sector and the government have put together a secret deal that is going to be presented to the Americans, perhaps even as early as this week, without the remanufacturers being consulted. It is a deal that would basically sell them out.

*Government Orders*

I know the government claims that there are no negotiations, but one of my constituents received a letter from the Minister of International Trade. In it he said that the views and concerns of the Independent Lumber Remanufacturers Association will certainly be taken into account in any negotiations.

That does not give me a lot of confidence that there are no negotiations.

Apparently this deal, from what the remanufacturers have heard, includes having them pay for the maintenance of a system in which they do not participate. They buy lumber on the open market.

I was just wondering if the hon. member knows anything about this. Can he assure us that there is no deal being negotiated? If there is, can he assure us that the independent lumber remanufacturers, this important sector, certainly important in my riding, are being excluded from it, as should be the case?

**Hon. Roy Cullen:** Mr. Chair, let me say for the member for Pitt Meadows—Maple Ridge—Mission that I am not privy to this kind of discussion. I am not at all sure that it is going on. I do not think that it would be right for that to happen because we have to look at the remanufacturers as a pretty important segment of our industry that is adding value to raw material.

As the member opposite mentions, they are non-tenured so they would presumably be getting logs and raw materials in the auctions, the log markets, so by the Holy Grail of the United States, given that it is an auction there could not possibly be any subsidies according to the American standards.

The member makes a good point: that the government should try to treat that sector a little more carefully. I know that during previous countervailing duty episodes the dimension lumber industry tried to be a little creative by putting holes in 2x4s and presenting them as value added products. The U.S. reacted negatively to that, but the industry the member is talking about is doing much more than that.

The remanufacturers are adding considerable value. I think the government should recognize that and recognize the fact that for U.S. producers, whatever action they think they have, it is really coming out of the U.S. commodity, out of dimension lumber producers. I do not think it is coming from the value added sector, if there is any in the United States. I think the government should try to be mindful of that and take the necessary measures.

• (2255)

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Chair, when we have a debate like this, I think it is fair to have an exchange of ideas. However, I do not think it is fair for members to leave out the facts. I want to go on the record and outline some of the facts tonight.

A member said earlier this evening that since August 10 all that had been done by the government was the placement of one phone call. That is obviously not true. So, I am going to put the facts on the record. We have been working on four fronts since August 10.

First, the Prime Minister has spoken to President Bush and Secretary Rice. The Minister of International Trade has made calls and met with his U.S. counterparts numerous times, including Rod Portman.

On the second front, which is litigation, Canada is pursuing litigation in the U.S. courts, as well as at NAFTA and the WTO. We are pursuing this file in every legal form.

On the third front, we are looking at new markets to diversify our sales. Several ministers, parliamentary delegations and other officials have sought to expand our markets for our softwood lumber products. Over 43 missions around the world in 35 countries are targeting lumber as a priority export. The hon. member for Willowdale has led trade missions to India, Russia and the Middle East to help market Canadian know-how and products.

Finally, on the fourth front, on advocacy, we are taking this message to the American people. Ambassador McKenna is fully engaged to use the entire Canadian consular network throughout the U.S.. Of course there was the Prime Minister's speech in New York, where he was very courageous to go right into the economic heartland of America. I know that his speech was also carried in major Canadian publications.

I want to compliment the Prime Minister for another major issue he brought up in that speech, which is very particular to me, the Arctic National Wildlife Refuge. Once again, it was a very courageous step by the Prime Minister in bringing that up in the heartland of America.

**Hon. Roy Cullen:** Mr. Chair, I know the member for Yukon did not actually pose a question, but I wanted to agree with him that sometimes we have overly simplistic solutions or ideas proposed by members opposite. In fact, when Bloc Québécois members, today in question period, was talking about the government taking more action, I wondered if they had in mind maybe sending in the army or I am not sure what.

I was happy to see that our government has linkage. Talking about NAFTA and how it operates, we do have concerns that if the U.S. does not respect the way we resolve disputes through NAFTA, then we could have issues around energy. I think this is something that the Prime Minister laid out very clearly, that we do have options. So, I agree with the member that the government has been very active and very forceful on this file.

**Mr. John Duncan (Vancouver Island North, CPC):** Mr. Chair, my question for the member for Etobicoke North is very simple and straightforward. I know the member for Etobicoke North thinks about these kinds of things. Why did the Prime Minister only ask for \$3.5 billion to be returned? What about the other \$1.6 billion? Where did this come from, what does it mean, and why did he do it? The member must have an answer.

**Hon. Roy Cullen:** Mr. Chair, I wish I did have an answer, but I do not.

I heard this differentiation of the \$3.5 billion and the \$1.6 billion for the first time the other day. I know the Deputy Prime Minister referred to it as well. I can only assume that it has to do with some process and a greater certainty around the \$3.5 billion. I do not have an answer I am afraid. I think I can rest assured though that the reason for differentiating has to do with process and legalities.

*Government Orders*

The reality is that whatever amounts have been collected, or will be collected, have to be returned. I think the only differentiation there has to do with timing and legal process. Whatever has been paid, or will be paid, given the decision of the NAFTA panel, must be returned in full.

● (2300)

**Mr. Bill Siksay (Burnaby—Douglas, NDP):** Mr. Chair, I am pleased to participate in this debate this evening on the softwood lumber dispute with the United States. This is an important debate and an important issue for the people of British Columbia, my home province, and the people of my riding of Burnaby—Douglas.

Burnaby—Douglas is not home to a significant part of the lumber industry in B.C. but folks in Burnaby—Douglas know the importance of that industry to our province, communities in the interior, Vancouver Island, the coast, and the thousands of workers in British Columbia.

They know that we are intimately connected with their success and their ability to participate in this important industry. They know that in British Columbia we have lost over 20,000 jobs because of this dispute. They know that \$4 million a day is bled from our economy because of this dispute. They know that is not good for them, for British Columbia or for Canada. They also know that this dispute is so important that continued inaction cannot be tolerated.

There has been a long series of clear decisions in Canada's favour. NAFTA includes a binding dispute settlement mechanism. That was negotiated as part of the deal. It was signed off by both Canada and the United States. It is binding. It was set up to be binding on the signatories. That is what is not happening at this point in this discussion.

The debate in the House in the last few days has been truly bizarre. We have heard the Liberals declare over and over again that NAFTA must be respected. We have heard that phrase constantly. It is the mantra of the trade minister that NAFTA must be respected. Every answer practically includes that phrase.

The Prime Minister, at his press conference yesterday, said in a very grave voice that NAFTA has spoken. That is all well and good, but what does it really mean? Repeating it over and over is not going to make it happen.

Yes, NAFTA has spoken and spoken clearly in terms of support for Canada's position, but the reality is that the Bush administration has spoken as well and it has said, "We could care less what NAFTA says. We could care less about Canada's position. We're not conceding. We're not repaying the illegal duties collected on Canadian lumber".

Let us talk about respect. The people of Burnaby—Douglas and most Canadians know lack of respect when they see it. They see it very clearly in the actions of the Bush administration to not live up to the provisions of its agreement with Canada.

Canadians know a lack of self-respect when they see it. They see it in the failure of the Liberal government to stand up for this country. The inaction of the Liberals is ultimately seen as a sign of lack of self-respect. Either the Liberals believe that we are right and that we are standing on firm ground or they do not. To continue to

negotiate, to continue all of these other talks, to continue with phone calls, and to have advocacy plans is an indication that they do not believe that we are right.

What has the Liberal government actually done? There has been lots of talk. There has been lots of spin, but no action. There was that famous phone call and we heard about it tonight. We keep hearing justifications for the phone call that the Prime Minister finally made to George Bush, the phone call that took weeks to actually get organized and be made.

Last week in the House we were debating the do not call list bill which is about unwanted telemarketing calls. In that debate I suggested that there were a number of do not call lists in the Liberal government offices. There was clearly one in the Prime Minister's Office that delayed and delayed that call to President Bush. Do not call lists seem to exist and they seem to exist in the Prime Minister's Office. A phone call is just not enough. It is just not an appropriate response. It was too little, too late, and it appears that it was totally ineffective.

● (2305)

What does the NDP propose instead? We were clear in August just after this final binding decision was made. The NDP had a three point plan and we have made that clear since August. Back in August we called on the Prime Minister to recall Parliament. We were prepared to come back from our summer work in the constituencies and our holidays last August because we understood the urgency of this issue. We were prepared to get back to work on this issue. We were prepared to debate this issue in August, not October. It seems to have taken months to get this on the agenda of the House.

Second, NDP said that we should stop the deep integration negotiations, the further negotiations that we were having with the United States around integrating our approaches to things like food safety, air safety and security. There is no excuse for going further down that road when the U.S. does not play by the rules we have already negotiated with it.

Third, we said we would impose an energy levy and lay down some export duties on our oil exports to the United States. We know that we are now its largest oil supplier, having replaced Saudi Arabia.

Those were three concrete actions that we believed would have gotten the attention of the Americans and indicated that we were serious about standing up for this decision and our country. We did that because we understood the importance of strong leadership on this matter. We know that weakness will only see us taken advantage of further. This week an Ipsos Reid poll confirmed that Canadians agree with our suggestions and agree with them overwhelmingly.

I want to note the order here. Unlike other parties, my party's leader, the member for Toronto—Danforth, took a strong stand, put forward a clear plan of action, and showed leadership. Later, the polling showed that Canadians agreed with us. Far too often in this place it is the other way around, where the government continuously polls to find out what people are thinking and then acts in light of that.

*Government Orders*

The polling last week showed that 80% of British Columbians support taking action in the form of imposing an energy levy. Overall, that poll showed that 77% of Canadians, a majority in every region of the country, supported restricting energy exports to the U.S. if Washington did not back down.

Canadians are prepared to take that risk and they know there is a risk involved. Canadians understand the challenges of living next door to the United States, but they do not want more negotiations. They want the agreement to be honoured. They want the dispute settlement mechanism and its decision respected.

They do not want to send a special envoy, as the Conservatives suggest, because to negotiate when we won would be wrong. To negotiate further new arrangements, as the Conservatives suggest, with the folks who do not respect the current arrangements would be wrong.

Canadians do not want the Prime Minister to look for signs that the U.S. is willing to abide by NAFTA. They do not want the Prime Minister looking for hints or reading between the lines or interpreting American statements optimistically.

Canadians want the government to have the courage of its convictions and the convictions of Canadians on this issue, and hold the U.S. to account for the \$5 billion in illegal duties it has collected from Canada, and for the damage it has done to our communities and economy. Canadians want us to hold the U.S. to the agreement it signed with us and they want us to get on with that now.

I want to digress for just a moment to speak about another international agreement that the U.S. is not upholding. I had the pleasure, as did the member for Yukon, last night of seeing the film *Being Caribou*. It is the story of the porcupine caribou herd that is endangered by U.S. plans to drill for oil on the calving grounds in northern Alaska.

In the panel following the film, the member for Yukon noted that the U.S. was refusing to appoint its representatives to the joint herd management council established by a treaty between Canada and the U.S. It is doing this at a time when perhaps even later this week the U.S. Congress will pass legislation to give the go-ahead to drilling in the Arctic National Wildlife Refuge.

Again, there is that question of respect for agreements between Canada and the U.S. and another example of the lack of respect that the Bush administration shows for its treaties with Canada. I appreciate that the government is taking a strong stand on this issue, but at some point when the very survival of the herd is in question, that talk will look very cheap. I want to pay tribute to the member for Yukon for the work he has done on this, but we need to move it to the next level where we actually hold Americans accountable for the agreements they have signed with us.

The time for talk is long past on softwood lumber. The government has to get it together. It has to show some leadership. It has to show the Americans that we are serious about the agreements that we sign with them. Canadians want nothing less than that.

● (2310)

**Hon. Mark Eyking (Parliamentary Secretary to the Minister of International Trade (Emerging Markets), Lib.):** Mr. Chair, I would first like to respond to the member's comments about the Prime Minister's involvement on this file. At every high level meeting, he is right there for us. Whenever he gets a chance to talk to the President of the United States or with the President of Mexico he brings this issue up. We are getting support not only from Mexico but also from previous presidents of the United States.

The NAFTA has given us great prosperity in the last 10 years. The NDP seems to look at it as though it is a bad agreement. I would like to know the NDP's stand on the NAFTA. Would those members be willing to tear it up?

The NDP has mentioned putting duties and tariffs on our energy exports. Not only is our lumber industry being hurt by tariffs, are those members willing to go the extra mile and hurt some of our other industries?

**Mr. Bill Siksay:** Mr. Chair, it is great that we have the support of the President of Mexico in this dispute, but it is not his fight. It is not his problem that this agreement is not working for Canada. It is not his problem that our softwood lumber industry is taking this terrible hit from the Americans.

It is great that former President Clinton says great things to support us as well, but it is not his fight either. This is our dispute with the United States and our government needs to show leadership on it.

This dispute is not going to be resolved by President Fox or ex-president Clinton. It has to be resolved by the government and Canadians. If we do not stick up for ourselves and do more than just talk, do more than just make phone calls, or do more than plan trips to shopping malls to convince Americans that somehow we have been hard done by, then we will get nowhere. The negotiations will continue with the Americans and they will continue not to abide by the existing agreements let alone anything we come to down the road.

We keep hearing that the NDP would tear up the NAFTA. That is not our position. We said that we needed to ensure that it worked for Canadians. If it needs to be changed because it is not working, then it needs to be fixed.

The NAFTA is not working for Canadians. The binding dispute settlement mechanism is not working for Canadians because we won the decision. The Liberals keep saying that we won and that is great. However, what do we have to show for it? Absolutely nothing. This agreement clearly is not working for Canadians. It needs to be renegotiated and reworked so it will work for us.

We are not in this to improve the United States position. Earlier a Liberal member said that we were out to create a wonderful continent. Canadians want us to stick up for Canadian interests before we worry about American interests. That is my stand.

*Government Orders*

**Hon. Roy Cullen (Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness, Lib.):** Mr. Chair, I want to comment on a question that was posed earlier by the member for Vancouver Island North with respect to the \$5 billion and the differentiation between the \$3.5 billion and the \$1.5 billion. I have had an opportunity to get some clarification on that and essentially it is not that different from what I indicated.

The government is very adamant that \$5 billion is the amount that needs to be rolled back. The \$3.5 billion goes up to the point when the extraordinary challenge was launched in November 2004. This amount is not really being disputed. The United States has taken a different position with respect to the \$1.5 billion and it has some legal options with respect to it.

We have won all the arguments up until this point, so the Canadian government will be taking the position with the International Court that the \$1.5 billion is in the same category as the \$3.5 billion.

Ultimately, the differentiation is more of process and timing. The government is resolute in our position that \$5 billion is the amount in question. That \$5 billion is not legally supportable to be retained by the U.S.

• (2315)

**Mr. Bill Siksay:** Mr. Chair, I am worried about the answers that I just heard from the parliamentary secretary. It now looks like the \$5 billion is negotiable.

The Liberal member for Algoma—Manitoulin—Kapuskasung said as much in his speech earlier this evening. He said that he thought there was some wriggle room around the \$5 billion owed to Canada because of the dispute with the United States. He used the words “wriggle room” when he talked about the \$5 billion, and we should negotiate away some of the money we won in the dispute settlement mechanism.

We now have the government backing away. We heard this today in question period. I understand why the member for Vancouver Island North was all of a sudden concerned about the \$3.5 billion figure. Where did that come from? Clearly, the government is backing away again from its commitment to stand by this negotiation and to stand by what is owed Canadians in this industry, and industry that has been so hard hit by the illegal action of the United States.

I find it unbelievable that we are going down that road. Now we are willing to negotiate away the money that is owed to Canada.

**Mr. John Duncan (Vancouver Island North, CPC):** Mr. Chair, this is a continuation on the same theme in my question for the member for Burnaby—Douglas. The concern I think all of us share is the whole question of mixed messaging from the government. That can create a real problem in delivering the message we want to deliver.

I heard the trade minister during question period talk about the return of \$5.1 billion. I heard the Deputy Prime Minister and the Prime Minister in the very same question period talk about the return of \$3.5 billion. It is as if they are on two separate sets of talking points.

Did that strike the member for Burnaby—Douglas the same way it struck our caucus?

**Mr. Bill Siksay:** Mr. Chair, it certainly gives a mixed message. It is not exactly establishing a very strong bargaining position when we cannot even agree on the amount of the money that is owed in reparations for the decision.

We are getting mixed messages. On the one hand the government says to the United States that it has to abide by the agreement it signed with us and it tries to be very serious about that. At the same time, the Liberals are negotiating new agreements with the United States for further integration around air safety, food safety and security. It does not make sense to be in the middle of this kind of dispute with the United States and to continue on those and further negotiations and to develop new plans for further treaties with people who do not respect the ones that are on the plate now.

I am very concerned about the Arctic wildlife refuge and the porcupine caribou herd. Another agreement is on the table which is crucial to that caribou herd and to that important part of our heritage in our country. The Americans are not even living up to that agreement at this crucial time. That is appalling.

We should show the Americans that we are serious. We need to take actions, actions that I and the NDP have outlined before, to show the Americans that we want to hold them accountable for the agreements that they signed with us in good faith after good negotiations.

• (2320)

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Mr. Chair, I am pleased to join the debate late this evening on this important topic and discuss Canada's work to resolve the softwood lumber dispute with the United States.

I would like to highlight a few of the actions our government has taken, our short term goals and hopes with the softwood lumber dispute. I would like to touch on the relationship between Canada and the United States and also the unique nature of the maritime lumber industry where I come from.

Canada and the United States have the most successful example of trading cooperation in the world. It is true there are issues on which we occasionally disagree and we often hear more about those exceptions than we do about the vast number of issues on which we agree.

Softwood lumber is one example. Canadians are rightly concerned. It is a large sector of our economy, 350 communities in Canada, 250,000 people. We are concerned about the U.S. decision not to abide by the NAFTA rulings in our favour. Free and fair trade has after all been enormously important in developing the North American prosperity and competitiveness that we enjoy in the continent today.

While the softwood lumber dispute, the largest trade irritant in our relationship, is a significant issue, we should remember that most of our trade is problem free and our bilateral trading relationship is in fact envied around the world. However, the strength of our relationship is on occasion tested. We do on occasion follow a different path. I do not think that that is a sign of weakness. I think that is a sign of strength.



*Government Orders*

For example, Canadians and Americans had a different perspective on the war in Iraq. Our government, taking into account Canadian values, decided not to enter that war. I felt then, as do most Canadians, that the just causes for resorting to conflict had not been adequately established.

However, we do share the American belief in democracy and the commitment of the U.S. to bring stability in that region. We have been strong partners in the reconstruction of Iraq, training police forces to help restore order there and donating hundreds of millions of dollars to rebuild infrastructure and foster the growth of a revitalized society.

With respect to softwood lumber, we have another example where our countries disagree. Let me once again confirm the government's commitment to finding a long term policy based resolution of this ongoing trade dispute which began following the expiry of the softwood lumber agreement in March 2001.

The Government of Canada is confident in the approach taken thus far in defending the interests of the Canadian softwood lumber industry. Our goal in this dispute, which we have vigorously pursued, is to improve access to the United States market for Canadian softwood lumber producers. The government has pursued this goal in close consultation with provincial governments, Canadian industry and its associations through several rounds of negotiations, through the NAFTA, the WTO and now the U.S. Court of International Trade challenges for those U.S. trade actions.

We also have provided support and assistance for the lumber sector while it copes with the burden of this dispute. In addition to the goal of resolving the dispute, the government has made it a priority to invest in this industry on a long term basis by working to increase market opportunities around the world for Canadian softwood lumber.

As hon. members are aware, despite numerous WTO and NAFTA panel rulings against U.S. duties on softwood lumber, the U.S. continues to impose countervailing and anti-dumping duties on softwood lumber and has collected over \$5 billion in duties to date.

The U.S. has dismissed a key unanimous NAFTA extraordinary challenge committee ruling which obliges the U.S. to revoke the duty orders and return those cash deposits. Canada considers the U.S. failure to implement the NAFTA decision to be contrary to U.S. law and U.S. trade obligations.

This flouting of NAFTA obligations is unacceptable. The government will explore every reasonable option with a view to resolving this dispute, including litigation, high level political intervention and advocacy.

While the U.S. continues to dodge its obligations, the Government of Canada will continue to defend Canadian interests and will insist that the U.S. fulfill those obligations. Unfortunately, until they resolve this dispute, Canadian industry continues to pay unfair duties and to suffer.

The Government of Canada is very sensitive to the tremendous burden that this dispute places on the softwood lumber industry and has been behind the industry, as well as its communities and its workers, every step of the way.

I would like to bring to the attention of hon. members the steps the government has already taken in order to assist this sector while the dispute rages on.

● (2325)

In 2002 the government announced a variety of assistance programs for the industry, communities and workers totalling \$356 million to mitigate the damage that this dispute has imposed on one of Canada's key industries. The programs were announced by Natural Resources Canada, Industry Canada, Human Resources Development Canada and the then Department of Foreign Affairs and International Trade. They were made up of \$71 million for measures to assist displaced workers; \$110 million for a national softwood industry and community adjustment fund; \$95 million in funding for softwood lumber research and development, market expansion initiatives and advocacy efforts; \$20 million in advocacy efforts to inform the U.S. public of the impact of the U.S. duties on U.S. lumber consumers; and nearly \$15 million in assistance for Canadian lumber industry associations. The funding assisted those associations to operate effectively under the burden imposed by the softwood lumber dispute.

Canadian lumber industry associations are very important and have played a key role in acting as liaisons between the Government of Canada and the softwood lumber industry throughout the course of this dispute. Industry associations also provide detailed legal and policy advice in the development of the Government of Canada's WTO, NAFTA and U.S. CIT challenges and during negotiations with the U.S. administration.

In recognition of this important role, on April 15 this year the Minister of International Trade announced that the Government of Canada would provide up to \$20 million to associations directly to help offset legal expenses incurred in defending Canadian interests. Furthermore, Canadian lumber producers and their workers deserve great credit for the tremendous strides that they have made in increasing the productivity and the competitiveness of their products and their operations. If anything, the edge in productivity which the Canadian industry has enjoyed over its U.S. competitors has increased over the course of the latest round of this dispute.

I want to talk about the maritime provinces. We have a unique position in that our lumber is largely found on private land, over 75%, often on woodlots owned for generations by families. Our unique situation has been recognized by governments of all stripes here and also in the United States. It is our duty as MPs to ensure that this tradition continues to be honoured and it will. The maritime lumber industry has worked hard for this exemption and it has earned it. I disagree with my hon. colleague on this side and my good friend the very hard-working and effective member for Etobicoke North on his comments about the Atlantic Canada lumber industry.

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We continue across Canada to monitor the state of the industry and the need for further government assistance. Looking forward the government is also actively developing other foreign markets through increased trade opportunities for Canadian lumber producers. This market diversification is a long term investment in the future of Canada's lumber economy and in the Canadian economy in general. There are clearly many opportunities to diversify our markets as the world economic order continues to evolve.

The government is taking a number of actions to ensure that the lumber sector benefits from those opportunities. These actions include trade missions to high growth markets China and India; working with organizations such as CMHC on influencing building codes in foreign countries to accept Canadian lumber; and using Canada's network of trade commissioners around the world to identify foreign market opportunities for Canadian lumber producers to develop.

As hon. members are no doubt aware, the government has made capitalizing on these opportunities presented by the ever-expanding market in China a priority. The very same can be said of the opportunities in China for our lumber producing sector. China is now in fact Canada's fourth largest destination for wood products. In 2000 it was our seventeenth. It is anticipated that China will overtake the United Kingdom as third on that list in the near future. The government is working hard to develop these markets. Over \$7 million a year is spent to promote Canadian wood in this and other markets.

Recently the Minister of Natural Resources visited China to promote Canadian energy and softwood lumber. On October 14 the minister announced from Beijing \$2.5 million from the Canada wood program to be targeted at the Chinese market in this fiscal year.

Finding these new markets does not diminish the importance of solving our softwood lumber dispute with the United States. Our American partners must comply with NAFTA. This is the single goal and the consistent goal of the Government of Canada and we can accept nothing less.

• (2330)

I know all members of the House have the same vision which is full and fair trade for Canadian softwood lumber and the return of the \$5 billion in deposits. We need it now and we need it for years to come. I think speaking with one voice will achieve that.

**Mr. Ted Menzies (Macleod, CPC):** Mr. Chair, we have heard a lot of commentary from the other side of the House in this debate and indeed in the last few question periods about how hard they are working to find a solution and how serious the issue is.

I have a copy of a news release from the Minister of Finance who has chosen a patronage appointment for the associate assistant deputy minister of trade, policy and negotiations with the federal Department of International Trade. The reason I raise this is that this individual has been responsible for the management of the softwood lumber dispute with the United States.

If the government decided to give that person a patronage appointment, how much credibility, how much importance does the government place on softwood lumber?

**Mr. Michael Savage:** Mr. Chair, I think it is very clear that the question is how much emphasis the government places on the softwood lumber dispute. It dominates every discussion that we have with the United States. Since August 10 we have a list of discussions between the Prime Minister and President Bush; discussions between the Prime Minister and Secretary Rice; the Minister of International Trade has made calls and met with his U.S. counterparts; pursuing the litigation in U.S. courts as well as in NAFTA; pursuing this file in every legal forum; the hon. Minister of International Trade leading trade missions to find alternate markets; taking this message to the American people; and the Prime Minister's speech in New York.

The hon. member does not have to take my word for it. I noticed that in today's *National Post*, not normally a great source of inspiration for Liberals, there is a column by John Ivison, also somebody who generally does not speak well of us. The column is entitled, "A leader speaks with conviction". In it he said that the Prime Minister spoke with conviction mainly on the trade dispute over softwood with the United States.

I do not think one has to look very far to see the commitment and the decisiveness of the Prime Minister, the Minister of International Trade and other ministers on this challenge. We in this nation need to speak with one voice. I think we are trying to do that as well as we possibly can. This is very serious. We are talking about a lot of Canadian workers. We are talking about a lot of money, \$5 billion in wrongly taken duties that we need to have returned. There are very few things more important, if anything, than this for the Government of Canada at this point in time.

**Mr. John Duncan (Vancouver Island North, CPC):** Mr. Chair, in the response that the member just provided, he said that the columnist for the *National Post* talked about the Prime Minister speaking with conviction. I would like to know which conviction because yesterday there were four different Canadian Press Wire stories in the national general news: The Prime Minister suggests he is open to negotiations on some elements of the softwood dispute. The Prime Minister has indicated he is open to negotiations over the softwood lumber dispute with the U.S. The Prime Minister says he will not negotiate the dispute resolution panel decisions under the NAFTA. The Prime Minister told an Ottawa news conference that he might negotiate other aspects of the softwood dispute.

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There are four different statements saying four different things. Talk about mixed messages. If this is speaking with one voice, I do not know how many tongues it is in. How is this conducive to resolving the softwood dispute when on October 24 we heard “open to negotiations”, “will not negotiate”, “might negotiate” and then today in question period he went from there to “will not negotiate”? This is all most puzzling to people who watch this closely. The only people who are showing any degree of being impressed with the performance are those who are only paying attention a quarter of the time so they only hear one story.

• (2335)

**Mr. Michael Savage:** Mr. Chair, it is very important for Canadians to get a single message on this dispute. I think Canadians from coast to coast to understand that we are following the rules in this trade dispute and the Americans are not.

I refer to the speech that the Prime Minister made, on the record, to the world, at the Economic Club of New York. It was highly publicized and well taken. He said in speaking specifically about softwood lumber, “Countries must live up to their agreements. The duties must be refunded. Free trade must be fair trade”.

The Prime Minister is actively pursuing this file with the U.S. ministers. The Minister of International Trade is doing so as well. The Government of Canada speaks with one voice on this issue, and that voice says that we respect NAFTA, we believe in free and fair trade, and the moneys that have been taken from our companies need to be returned. That is a simple message and a clear one.

**Hon. Mark Eyking (Parliamentary Secretary to the Minister of International Trade (Emerging Markets), Lib.):** Mr. Chair, I commend my hon. colleague from Dartmouth on his speech and also on his understanding of this file. The hon. member is from an urban riding. I know Dartmouth quite well. Sometimes we think that this issue is mostly a rural issue, which it is not. The softwood lumber issue affects people in the urban centres just as much as the people in rural areas.

He spoke very well of our multifaceted approach on this file, whether it is litigation or how we are helping the communities. He also spoke of the different levels of communication with the U.S., whether it is the Prime Minister, the minister and even MPs speaking with their counterparts in the United States, the senators and congressmen. I also have to commend members of the official opposition and the other parties for working together. That is so important.

The member from Dartmouth stated that we have to have a cooperative and unified approach with no light between us. When we are approaching the U.S. or any country in trade matters, we have to be united. That shows that we are strong and together.

My question is on the whole idea of how the urban community is affected. How does the whole softwood lumber issue affect his riding and the city of Dartmouth?

**Mr. Michael Savage:** Mr. Chair, my hon. colleague from Sydney—Victoria has family in the great riding of Dartmouth—Cole Harbour and I have a reasonable assurance that they vote Liberal, so I appreciate his understanding of my riding.

This is not a rural Canada or urban Canada issue, an eastern Canada or western Canada issue. This is an issue of fairness and it is an issue that matters to all Canadians. Canadians understand that. On a personal note, I think Atlantic Canadians in particular understand this. The Atlantic Liberal caucus, and I am sure it is the same with the Atlantic Conservative caucus, which is reasonably small, and the Atlantic New Democratic caucus in that they speak on issues. When I speak of employment insurance for seasonal workers, it does not affect people in my riding very much, but it affects Atlantic Canada. What is good for the economy of Atlantic Canada is good for me, not to mention the fact that people in urban settings build houses and use lumber. This goes beyond being an urban or rural issue.

In the United States we are now beginning to get a lot of support from consumer associations and lumber associations because of the need for lumber.

This is an issue for Canada. It is not an issue just for urban Canada or rural Canada. It is an issue for all of Canada. It is an issue on which Canada has a unified position. We believe in free and fair trade. We believe NAFTA must be respected. We believe the \$5 billion should be returned. We need a long-standing and durable solution to the softwood lumber dispute.

• (2340)

**Mr. Rob Merrifield (Yellowhead, CPC):** Mr. Chair, it is a pleasure to stand and contribute to the debate tonight. I have listened intently to my colleagues on this. I have had some interesting thoughts go through my mind as I heard the debate and the rationale for how they are trying to explain to Canadians their position on the softwood lumber agreement.

This is an issue that is very near to my heart and to the hearts of my constituents. I do not believe there is a community in my riding that is not impacted by the softwood lumber industry.

Actually, it is even closer to home than that. I have a son who is a professional forester who works in the industry in my riding. I believe I have a fairly good understanding of how this industry impacts the communities, particularly in rural Alberta and in rural communities right across the country.

When we think of the 360,000 jobs across the country, those are primary jobs. We are talking significant numbers, especially when we understand that the spin-off effects in the rural communities for these primary jobs are one in four or one in five, depending on where they are.

To say that it is a big issue in my riding is an understatement. I think I have to explain that before I get into the debate on the softwood lumber agreement and what is actually before Parliament and before the country at this time to work this out because it has major repercussions.

We also have to see it in the light of the other two major industries in my riding, which is the beef industry and BSE, the agriculture industry and it has some effect with regard to the relationship between the United States and ourselves.

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As well, I would like to talk about the oil and gas industry which is the third primary industry in my riding. It would be hard to say which one of the three is the biggest in my riding. I would think it would be a draw because they impact in such a significant way. They all have repercussions in what we are talking about because we are actually talking about the NAFTA agreement. It is not so much about the softwood lumber agreement. We would like to think it is about the softwood lumber agreement but it has escalated beyond that.

If the United States of America does not respect the ruling of the NAFTA panel in the dispute settlement for softwood, it does not respect it as a dispute settlement mechanism for any of the industries in which we trade with the United States, our largest trading partner.

We have to understand just how important this is to the relationship between the United States and the 95% or 97% of the industry that is going without a dispute at the present time. We hear that on both sides of the border.

However there is a message for the Prime Minister and for the American President that they have to understand. When we look at who has been hurt and who has not been hurt with the way this disagreement has unfolded, we have to understand that it is the politicians on both sides of the border who have not necessarily been impacted. It is the people on the United States side of the border who have been impacted. It has raised the price of their homes by \$1,000 on average because of the duties, the countervails and the increased costs of lumber to those American citizens, but it has not necessarily impacted the politicians in the same way. They are trying to play the political game, trying to win seats in their ridings and they are trying to protect forest industry jobs and so those senators and congressmen are really talking about politics at the local level.

Here in Canada we see the same sort of nonsense going on. It is not that it impacts the politics in the House so much. It has impacted the industry and it trickles down to the communities across the country and impacts those individuals. It is the communities and the industry that have lost. I know there is a mill in my riding that has had to shut down and I know mills across the country that have had to close over the last number of years as we played politics with a lack of leadership on this issue.

Who has won? It certainly has not been the people of the United States and it certainly has not been the people of Canada. Who has lost? Obviously the politicians on both sides of the border have not lost enough.

We have to understand that when we have a dispute settlement NAFTA panel, negotiations for the dispute settlement have to be recognized. If they are not recognized, then we have a situation where we will not be able to move forward on any kind of trade security for any industry. It does not matter if it is BSE, softwood lumber, oil and gas, the auto sector or any other industry in which we might be trading with the United States.

• (2345)

Where are we at right now? We are in a situation where it is not just about the softwood lumber industry. In fact, it probably has less to do with that and more to do with the other industries. The reason this is so frustrating for us when we ask the Liberal government to at least ante up the money to look after the court settlement for our

softwood lumber industry is that it is not just about softwood. It is also about the respect of a trade relationship.

There is an old adage that if a handshake in a relationship with a business partner or a deal is not adequate, all the paper in the world likely will not save the deal. That is what we are seeing right now with the United States, that laws and treaties are not enough, that a mature, secure relationship is based on a commitment of trust and clear communications and that treaties and laws are no substitute to a good relationship.

We have ruined a relationship with a trading partner, the United States, over the last number of years and it has been challenged and compromised. In this House, we have had inflammatory words toward our American trading partner, our largest trading partner, for a significant number of years and because of that, we have seen disputes.

I also said that BSE had something to do with this because BSE was not about health and safety. It was not health and safety risks that caused that. What it had a lot to do with was bad politics. We saw the worst of politics happen and that is why the border was closed to beef and why it was also opened to beef.

What should we do in this situation with the lumber industry? First, we should respect the NAFTA and return the \$5 billion. If we do not do that, then what we are really saying is that NAFTA does not matter and that the courts really do not make any difference.

The second thing we absolutely cannot do is negotiate away the strong position we have here. I sat and listened to my colleagues from the Liberal side, particularly, talk about a unified voice, a unified voice by the industry and by the parties. My colleague from Vancouver North just talked about the mixed messages by the Prime Minister where he might negotiate, will not negotiate, will negotiate. All that has happened in the last 24 hours. However, the day after the NAFTA ruling, we have the trade minister suggesting, in a quote from the *Montreal Gazette*, "I think this is very significant for Canada because it will help us in the negotiations".

What negotiations? They are saying, "Let's not negotiate".

On the very same day, in the *Globe and Mail* he is saying, "I think the NAFTA ruling enhances Ottawa's negotiating position". If that is not a mixed message compared to what we are hearing today from this Liberal Party, I do not know what is.

What are the Americans to think when they hear that kind of rhetoric coming from the party in power of our Canadian government on an issue that has gone on this long and that should have been well thought out and well planned out long before this time?

Are we negotiating away our position or have we negotiated away our position just in the last 24 hours because of what our Prime Minister is saying? We certainly give a compromised position. We have compromised our position because of this kind of nonsense and this kind of rhetoric.

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The United States also needs to understand that if we are going to move forward in a reasonable way with a relationship on other trading issues, we have to respect the agreement that was signed, which is a free trade agreement, and its dispute settlement. If that is not the case, then we have some serious problems that are a lot deeper than just softwood.

The fourth thing is how we get around that. We have laid an option on the table, which is to negotiate with an envoy to the United States.

I had an opportunity to attend a Canadian-U.S. conference about three weekends ago. It was an opportunity to talk with a lot of the congressmen and the senators at that time and we laid out a position. We have been victimized in softwood. We have been victimized in beef. We will not and cannot be victimized in oil and gas.

• (2350)

We invited them to come up to visit the tar sands of Alberta so they would understand what 1.4 trillion barrels of oil look like. We wanted them to know what they might be compromising in souring a relationship in trade and that it would leave us no choice but to secure other options than just the United States with regard to the oil and gas industry. That is not putting any threats out there. That is a just security as a sovereign nation.

Don Manzullo, one of the congressman I met at the meeting, agreed with opening up the border. He said that the tariffs, countervails and the nonsense of the money should stop and the money should be given back to Canada. He said, "Seven times Canada has won, not in Canadian courts but in the United States courts, so they need to respect that". Those are the kinds of messages we need.

We are getting some of that support and here is what happened in Washington today. House majority whip, Roy Blunt, said that we need to open up the border. The softwood lumber trade alone adds \$1,000 or more per home and we need to have the border opened up, especially in the wake of the disaster of the hurricane where they are going to have a tremendous need for our softwood lumber industry.

Americans are understanding more now than ever more that they should drop the tariffs and countervails and start talking sense. It is not because of how it impacts our ridings. It is how it is impacting their ridings and we need to understand that.

**Hon. Larry Bagnell (Parliamentary Secretary to the Minister of Natural Resources, Lib.):** Mr. Chair, I would like to ask the member for his views on the three point plan that the NDP put forward tonight to deal with this problem.

The first point was that it wanted to call Parliament back early. Of course, we have been here a month now and it has not achieved anything. Obviously the first part of its plan did not work.

The second part was to stop other international agreements, such as the agreement with the United States on air security. It does not seem to me to make sense to stop ensuring the safety of Canadians as a punishment for another dispute.

The last one point was to impose an oil export tax. In a sense, we could make our oil industry non-competitive, lose thousands of union and other jobs and since oil is a commodity it could just be

replaced. During hurricane Katrina the equivalent amount almost to the refining capacity in all of Canada was virtually lost to the United States but it does not mean that it cannot be replaced. It is a commodity that could be obtained from various parts of the world.

I am curious about the member's thoughts on the NDP plan to deal with this problem.

**Mr. Rob Merrifield:** Mr. Chair, that is a interesting question, especially when it is coming from the bed partner of the NDP, the party that is propping up the illegitimate government that has no business actually being in power at the present time. The only reason the government still exists is because it is propped up by the NDP.

These are whacky ideas coming from the NDP. Calling back Parliament on a negotiated settlement that has gone on this long is ridiculous. Air security is just as ridiculous. Why would we want to use the threat of an export tax on the oil and gas industry? What we want to do has nothing to do with threats. What we really need to do is explore all options for a trade relationship that actually looks like it is being compromised, not because of softwood but because of NAFTA not being respected in the courts under this dispute settlement mechanism.

I would ask the same question of my Liberal colleague. What does he think of his bed partner's ideas on this and does he think they are as loony as I do?

• (2355)

**Mr. Bill Siksay (Burnaby—Douglas, NDP):** Mr. Chair, does the member think Canadians think it is a whacky idea to show the Americans that we are ready to do more than just talk endlessly about this problem. A majority of people in his own constituency would probably support doing some tangible action rather than just more talk. They would support doing something tangible as opposed to just appointing another envoy to go on another gabfest in the United States knowing that George Bush, whether people like him or not, is somebody who understands taking action and who knows that when faced with somebody who is only going to talk, he does not have to worry about them.

Is it a whacky idea to say that we need to do something tangible and that Canadians believe we need to do something tangible? I do not think so. I think it reflects badly on his understanding of what people in his own constituency think needs to be done around this important issue.

**Mr. Rob Merrifield:** Mr. Chair, I would love to comment on that. My riding understands full well the relationship with the United States in regard to oil and gas and that industry. My constituents also understand that we do not threaten by way of countervails on something that would not be legitimate and legal with regard to NAFTA. We cannot say the United States need to respect it if we are not going to.

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What we really need to do is something more tangible that will catch the attention of the Americans. That is the message given to them when we talked to them here at the interparliamentary meeting a couple of or three weeks ago.

That message was that they are in jeopardy of losing 25% of a 1.4 trillion barrel reserve of oil, the second largest in the world. The Chinese government is looking at securing 25% of that. That is right now. Who knows what will happen two or three years from now? This catches the Americans' attention more than anything else.

Not only do I think it catches their attention, I know it has. Since that meeting, one of the congressmen sent me a speech that he delivered in Congress of the United States, in their House, on this exact same thing with the tar sands. He was trying to educate people into understanding exactly what is there. Not only that, also after that conference, I had notification from one of the senators who was asking how they could get up to the tar sands to visit because they needed to do that with as large a delegation as they possibly could.

We initiated that and now that will be an invitation coming through the parliamentary association. We will have them up to the tar sands. That is how to do it. We educate them and have them understand the importance of what they are losing. We also have them understand that to have the mentality of closing the border around them and to shrink and become protectionist is not in their long term future best interests, because they are competing not only with the Asian market but also with the European market.

What the Americans need to do is make sure that they have good relationships with all of North America. That means Mexico and Canada. That is really what NAFTA is all about. To compromise NAFTA is not in their best interests. That is what they understand. That is what will catch their attention.

I do not believe that my hon. colleague understands exactly what he is asking for when he says that we do it by threatening the Americans on oil and gas. What really catches their attention is having them understand that we are serious about trade with partners other than the United States on something as important as fossil fuels into the future. That has caught their attention in a very significant way. I believe that is a much more professional, aggressive and productive approach than what the NDP has put out. I still say their idea is a wacky idea and I think Canadians would agree.

• (2400)

**Mr. John Duncan (Vancouver Island North, CPC):** Mr. Chair, I have a very brief question. I too was on that interparliamentary trip. We met with our U.S. equivalents in New Brunswick. I thought that we had made great progress. I thought a lot of that progress was dissipated by government actions in the ensuing time since we have been back here. Would the hon. member concur with that assessment?

**Mr. Rob Merrifield:** Yes, Mr. Chair, it was very productive. The unfortunate part coming out of that was the mixed messages coming from the government within just a few short days. Any of the United States congressmen or senators who were watching exactly what was happening must be just as confused as they would have been if they had watched the Prime Minister with his mixed messages, not just a couple of days after that but in the last 24 hours.

That has to stop if we are ever going to give a clear message to our trading partners on what actually needs to happen. Let us stop the rhetoric. Let the Liberal Party get its act together. The Liberals have been charged by the electorate to do a job. I challenge them to do it.

[*Translation*]

**Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.):** Mr. Chair, I would like to thank you for this opportunity to speak briefly tonight on a matter of the greatest importance, to this government of course, but also to all Canadians: the softwood lumber dispute.

It is all the more important for my region of Madawaska—Restigouche, in northern New Brunswick, where the economy is very much linked to the forest industry.

Members of Parliament are never off duty, when it comes down to it. Representing one's fellow citizens has no time limits. I note that it is 1 in the morning in my riding in New Brunswick.

It is very important to ensure that our fellow citizens' interests are defended. That is why I decided to speak to the House tonight about softwood lumber. This is, of course, a very important issue in my riding, where there are paper mills and hardwood sawmills, as well as many, many softwood lumber mills. Softwood lumber is, therefore, a very important element in our area.

The Americans are our neighbours geographically, and our friends. Where I was born, there is nothing but a bridge between my town and the State of Maine. Other parts of my riding are also separated from the U.S. by nothing more than a bridge. So the Americans are considered not just neighbours and friends, but also family. Even so, we have to ensure that the agreements signed in the past are respected now, and will be in the future. We have to get that important message across to the people in our ridings. It is important for Canadians to be heeded and respected. I feel it is essential to see that people understand that clearly.

Last month, I became a member of the Liberal forestry caucus. We Liberals can be proud of taking the initiative to strike such a committee.

We saw a need for it and we created it, because we knew how important forestry is to all Canadians. Certainly, I joined this committee to stand up for my constituents and all Atlantic Canadians.

Initially, I wondered how I could best serve my constituents and the people working in the forestry sector. Clearly, there are businesses involved, but it also consists of people, human resources, the individuals who help keep it going.

As the saying goes, a prophet is not without honour, save in his own country. Of course, the softwood lumber crisis facing the forestry industry was not something I was extremely familiar with. But I knew that it was important to go and meet the representatives of the forestry industry in each business, in order to understand the situation. Having done that and having talked with business people, entrepreneurs and factory managers, I had considerably improved my basic understanding of the importance of the forest industry, its situation and the various challenges involved, as they related to my riding, Madawaska—Restigouche.

I was asked to face various challenges in light of the current situation. People said to me, "Please, as our representative, pay careful attention to what your government is going to do. Do not put us at a more of a disadvantage than we are at already". Obviously, this is related to the softwood lumber mills. People are asking us to be careful, because, clearly, we in the Atlantic provinces are in a unique position and we do not want to end up in a worse situation in the future.

I must mention one more thing. I believe that it is not talked about enough. I was extremely proud, over the past few weeks, to hear people in my riding say they really believed that the Prime Minister was truly defending their interests when he was in New York.

• (2405)

My constituents have commented that the Prime Minister stood up and said what needed to be said to defend the interests of the people of the riding.

When I heard about that, I thought it was fascinating. Often, as members of Parliament, the feedback we get tends to be more negative. It was therefore fascinating to see that people took the time to come and see me to say that our Prime Minister had done an outstanding job in defending the interests of both the industry and those who depend on it for their livelihood.

The people who work in the forestry industry have really felt included in the position taken by the Prime Minister. And this was not true only for the riding that I represent. I am convinced that, across the country, the reaction was the same: this was very good and the Prime Minister deserved to be praised for what he had done, for having so clearly and so directly defended the interests of our great country.

I touched on the subject earlier but signing agreements and resolving issues are not one-sided processes. We have to come to an agreement with another person or group of persons, or even several groups or persons. To make additions to an agreement, everyone has to agree and sign off on it. One cannot just come out and say, one year, two years or five years after the agreement came into force, that the agreement no longer suits them. Agreements are signed

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knowingly and willingly. It is also knowingly and willingly that the parties have to comply with the agreements they have signed.

The Liberal government is complying with agreements like NAFTA which it has signed in the past. Efforts also have to be made to ensure that our trade partners do the same. That is very important. This is one way of evolving in our society, by ensuring that each party complies with the terms of the agreement.

If we look at the export situation for a riding like mine, or for the entire country, we see that we may have made a mistake by putting all our eggs in one basket. Some 89% of our wood exports goes to our friends the Americans. Perhaps in the future we should do things differently. We may be too dependent. It would be good to do things differently and to seek out new markets.

North America is certainly quite vast and its population is large. We certainly have friends elsewhere and business opportunities available to us in other countries. One fine day, we should diversify our clients and the different companies we could do business with. That way, in the future, we will limit the impact of situations like the one we are in now.

The people in my riding have suffered. In other ridings, this may not be the case. Nonetheless, the entire softwood lumber situation should make us question the stability within the forestry industry. In the future, we must position ourselves differently and look at diversifying our markets. That way, we could certainly guarantee a better future for our constituents.

What is more important, we must respect our agreements.

In closing, I come back to the fact that the Prime Minister rose and clearly indicated the position of the government and the citizens of Canada. We should all be proud. We are showing our friends, our American neighbours, that our position and the agreement we have signed over the years must be respected

• (2410)

We are asking our neighbours to respect the agreements, just as we have.

**The Deputy Chair:** It being 12:10 a.m., pursuant to order made Monday, October 24, 2005, under the provisions of Standing Order 53(1), the committee will rise and I will leave the chair.

(Progress reported)

[*English*]

**The Acting Speaker (Mr. Marcel Proulx):** The House stands adjourned until later this day at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 12:10 a.m.)





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