

*Oral Questions*

**Hon. Allan J. MacEachen (Deputy Prime Minister):** Yes, Mr. Speaker, that is a concern of mine and of other members of the government. As the hon. member knows, an opportunity has been given to the representatives of industry to advise with regard to what changes beneficial to their operations ought to take place and a very large number of briefs has been submitted to the Canadian Tariff Committee which is the contact point. We are now at the stage of providing the type of feedback industry has been requesting. Consultations are under way, and will continue, to ensure that there is the type of feedback the hon. member has in mind.

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**ENERGY**

**NORTHERN GAS PIPELINE—MEASURES TO ENSURE CANADIANS GET SHARE OF MATERIAL AND LABOUR INVOLVED IN CONSTRUCTION**

**Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands):** Mr. Speaker, my question is for the Acting Prime Minister in his capacity as chief Canadian negotiator of the Alcan pipeline agreement. On September 9 the minister stated the agreement would result in direct expenditures in Canada of \$4 billion and the creation of nearly 100,000 man-years of employment. That assumption is based on Canada getting 98 per cent of the pipe construction contracts and furnishing 88 per cent of the goods associated with the pipeline such as valves and compressors. In view of statements by some of the minister's colleagues with respect to open, competitive bidding, how does the government propose to ensure that Canada will get the share of the processing of the steel pipe and of the goods associated with the pipeline which was anticipated by him?

**Hon. Allan J. MacEachen (Deputy Prime Minister):** The hon. member is correct in saying that the pipeline agreement provides for general, competitive contracts with respect to the provision of goods. But there is also provision in the agreement which states that the construction and operation of the pipeline should be carried out in such a way as to optimize the industrial benefits to each country. I can assure the hon. member that there is no disagreement with respect to that objective, one which is underscored in the agreement itself. I would underline an important point. The National Energy Board laid down as one of the conditions of its approval of the application of the Foothills Pipeline Company the optimization of Canadian production. The Board has an opportunity to monitor the ongoing procurement plans of the company and this, it seems to me, is an additional assurance to Canadians that the benefits which I indicated will be realized; it is an additional assurance quite apart from the pipeline agreement itself in which the principle has been enshrined.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** Last Friday the Vancouver *Sun* claimed to have in its possession a document prepared by the Department of Regional Economic Expansion which allegedly submitted a brief to the negotiating team prior to the negotiation of the agreement pointing out

that unless adequate controls were exercised there was every likelihood that instead of getting 98 per cent of the pipe manufactured in Canada it would only be around 67 per cent. This would involve a loss of some \$600 million. In light of that, can the minister be more specific about what are the preferential terms which will give Canadians the major share, or almost all, of the pipe to be processed in this country if at the same time we are to follow the suggestions which have been made by his colleagues that competitive bidding by other countries will be allowed?

● (1432)

**Mr. MacEachen:** Mr. Speaker, the negotiations with the United States were conducted on the clear belief, which I still believe is well founded, that Canadian industry is fully competitive and able to take advantage of the opportunities provided by this pipeline. That is a fundamental fact. The phrase in the agreement "generally competitive" was meant to provide for occasions when what one might call unfair competitive practices might be brought into play by other suppliers. There is a provision in the pipeline agreement by which one country or the other may have the tenders looked at or examined. There is no doubt about that.

However, it seems to me that the most important additional assurance is the monitoring of the procurement policies of the pipeline by the National Energy Board itself, and this will be continued. It may be that the introduction of the legislation itself will overtake the provisions of the National Energy Board and that it will be possible to consider putting in that legislation a system of monitoring the procurement plans of the pipeline company.

With respect to the—

**Mr. Speaker:** Order, please. The subject of the question is a very important one but questions and answers have now consumed almost 10 minutes. I wonder whether I might permit the hon. member a brief supplementary and then a brief reply.

**NORTHERN GAS PIPELINE—DATE OF DECISION ON SIZE OF PIPE**

**Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands):** Just a brief supplementary, Mr. Speaker. Has a decision yet been reached as to the specifications for the pipe? As is known, Canadian authorities have been asking for a 54 inch pipeline with thinner pipe; the Americans have been pressing for a 48 inch pipe. Has a decision yet been reached as to what will be the specifications for the pipe which is going to be used in the Alcan pipeline?

**Hon. Allan J. MacEachen (Deputy Prime Minister):** Mr. Speaker, I will attempt to be brief and to tell the hon. member that the first meeting of the technical group took place on November 16, and to my knowledge no decision has yet been reached.