

*Routine Proceedings*

As the portion of the Canadian market supplied by smuggled tobacco has increased, the average price paid for cigarettes has dropped. Access to cheap contraband tobacco undermines the government's health policy objectives to reduce tobacco consumption, particularly among youth.

• (1010)

I want to stress this last point. The issue is not how to keep prices high so that young people do not smoke. The issue is how to keep cheap contraband cigarettes out of the hands of young people. Quite frankly that is the great dilemma we all face today.

The organized crime networks that control 95 per cent of the tobacco smuggling also supply and distribute smuggled liquor, firearms and drugs. It is essential that we take strong steps to dismantle these organized crime networks. That is what we are going to do starting today.

Our actions today are aimed at these gangs. They are aimed at the tobacco companies that have benefited from this illegal trade and that also bear responsibility. They are aimed at the breakdown in respect for the law that this trade creates. This breakdown cannot and will not be tolerated.

I say to those Canadians who buy smuggled goods, I know they must be frustrated with taxes. They should stop a minute and think of what they are doing when they buy contraband tobacco. They might think it is a victimless crime. That is a myth. When they buy contraband cartons of cigarettes they are not just saving a few dollars for themselves. They are directly supporting organized crime. Every time they light up they are supporting gangs that have committed murders and car bombings, that are smuggling illegal drugs into Canada, that are terrorizing entire communities.

If they do not like some of the things their tax dollars get wasted on, they should think of the investment they make in buying illegal tobacco. They should think of the decent, honest business men and women they are pushing out of business. They should think of the revenues that are not available to the government for health and social services. They should think of the consequences of their actions and they will understand why the government will not allow some Canadians to take the law into their own hands.

We will not allow this breakdown of respect for the law to continue. That is why I am announcing a four point action plan to combat smuggling. The four elements of this action plan are an enforcement crackdown, a reduction of consumer taxes on tobacco, special action on tobacco manufacturers and the most intensive anti-smoking campaign in Canadian history.

[*Translation*]

As I speak, the RCMP is dramatically stepping up enforcement, particularly at key spots along the Canada-U.S. border. The government will substantially increase RCMP and Customs

personnel dedicated to fighting smuggling. Along with these resources are new strategies to crack down on organized smuggling groups and to increase surveillance of these groups.

The Department of Justice will increase prosecutions, and make full use of proceeds of crime legislation. The RCMP and other enforcement agencies will focus their resources on the major player controlling smuggling: organized crime.

• (1015)

This enforcement will be applied everywhere—and anywhere—there is illegal smuggling activity. There will be no refuge for criminals. “No go” areas are not acceptable in Canada.

[*English*]

There will be no “no go” zone in Canada.

[*Translation*]

This is one country with one set of laws that applies to all citizens and in all communities. Increased pressure on criminals in the contraband trade will succeed in disrupting illegal trade in alcohol, drugs and firearms, as well as tobacco. But this is only part of the answer.

[*English*]

While we will put great effort into enforcement we also need to weaken the market for smuggled tobacco products. At present the demand is high and so are profits: \$500 for a case of contraband cigarettes, half a million dollars or more for a truckload. We need to change this. Nothing would please me more than to be able to address the problem simply through law enforcement combined with an export tax.

The best advice the government can get is that law enforcement and an export tax alone is simply insufficient to curb the growth in smuggling activities. It is advice that I accept with great reluctance. If the House agrees I would like to table the letter of the commissioner of the RCMP, addressed to me, and ask that it be printed as part of today's *Hansard*. In his letter the commissioner said very clearly to me that if we want to resolve this problem in short order we have to do this. With the permission of the House I would like to table a copy of this letter so that it can be printed in *Hansard*.

**The Speaker:** Is it agreed that this letter be printed?

**Some hon. members:** Agreed.

[*Editor's Note: See Appendix.*]

**Mr. Chrétien (Saint-Maurice):** Therefore, much as we may all regret the necessity of lowering cigarette taxes, we must do so at least until we have put the smuggling networks out of business. Then we will be able to restore the appropriate level of taxation that the situation needs.