

# HOUSE OF COMMONS

Tuesday, February 8, 1994

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

[*English*]

### WAYS AND MEANS

#### NOTICES OF MOTIONS

**Hon. Douglas Peters (Secretary of State (International Financial Institutions)):** Mr. Speaker, pursuant to Standing Order 83(1), I wish to table two notices of ways and means motions.

The first respects amendments to the Excise Act, the Excise Tax Act and the Income Tax Act. The second respects amendments to the Excise Tax Act.

I ask that an order of the day be designated for consideration of each motion.

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● (1005)

### TOBACCO PRODUCTS

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, it has been almost 100 days since the government took office.

We have established a clear approach of being straight with Canadians, of facing difficult problems head on and dealing with them decisively. That is what we intend to do today. We intend to deal with smuggling and to take steps to re-establish the rule of law. A civilized society requires that the rule of law be respected, that it be enforced and that it apply equally to all citizens.

[*Translation*]

We are confronted today with a very serious problem which is not limited to tobacco smuggling alone. I want to take a few minutes to explain the magnitude of the problem, to discuss the options and to tell Canadians why we have come to the conclusions we have reached.

Many Canadians in the past days and weeks have been discussing among themselves the whole issue of smuggling and in particular the consequences of cigarette smuggling. I think it is fair to say that no one can be certain of the right approach. We all have doubts about any course of action. We are dealing with a very complex problem of law enforcement and organized crime, with health issues, with federal-provincial relations, even with relations with aboriginal peoples.

This is not an issue of left or right, or English or French, or aboriginal or non-aboriginal. This is an issue in which there is no absolute right answer and no absolute wrong answer.

[*English*]

Governing is supposed to be the art of the possible. What I am announcing this morning is what this government believes is the best possible solution to an almost impossible problem. Let me explain.

Many Canadians and many members of the House may not realize how deep rooted and far reaching the contraband tobacco trade has become. This is a problem that has grown over several years. There was a question asked in the House of Commons in 1990 by the member for Glengarry—Prescott—Russell about this problem. Almost four years later we are still faced with the problem.

This problem has grown over several years. It is no longer a regional problem confined to specific communities and areas. It is now a national problem requiring a national solution.

At first the smuggling was just in Quebec and some Atlantic provinces. It has now spread to Ontario in which 35 per cent of cigarettes sold are now contraband. It is growing in western Canada. It has a foothold in virtually every part of the country and is spreading at an alarming rate.

Let us consider the facts. Illegal tobacco now accounts for about 40 per cent of the \$12.4 billion Canadian tobacco market. Organized crime now controls up to 95 per cent of the contraband tobacco entering the country. More than two million Canadians are purchasing this contraband.

More than \$1 billion in federal tobacco tax revenues and \$1 billion in provincial revenues were lost in 1993. These losses will climb steadily if action is not taken, and the social costs in terms of increased crime and violence in loss of business to law abiding merchants and in lawlessness are considerable and growing.