

only on Manitoba, as in this case, but on other areas of the country and ultimately on Canadian ports.

This concern has been expressed not just by me but by many who are concerned about the future of Canada's transportation system. The trend toward the use of American railway lines, because of the disadvantage Canadian railways now find themselves in *vis-à-vis* American railways, could lead not just to the loss of jobs in the railway system but also in Canadian ports.

We need to have a hard look at the ways in which railway transportation in this country is being disadvantaged by the tax system. In the meantime we need to call on the railways, particularly the CPR in this case, to act like good corporate citizens—perhaps for the first time in CPR's history—and maintain the use of the Canadian rail lines and the Canadian rail system, until such time as the government wakes up to what is happening and addresses the various ways in which the railways are being put at this disadvantage—whether it is through provincial fuel taxes or other issues the railways may have a legitimate point about.

I think they do have a point, for instance, with respect to fuel taxes. In many cases fuel taxes had their origin as a tax to pay for highways. The railways, by having to pay the fuel tax, are not only paying for their own roadbed, which they have to pay for exclusively out of their own revenues, but they also have to pay for highways, in other words for the roadbed of their competitors, through these various taxes.

I think the railways all have a point, just as individual Canadians might have a valid reason for cross-border shopping. However, they have a responsibility to seek changes in their own country rather than opportunities in other countries. That is the solution, not what the CPR is intending to do now.

Mr. Lee Richardson (Parliamentary Secretary to Minister of Transport): At the outset let me say that I am pleased to have this opportunity to set the record straight regarding the alleged diversion of potash and coal traffic from western Canada to the United States destinations. What began as a sound business decision on the part of

CP Rail to reduce operating costs has been distorted by many parties.

Let me explain. For many years now CPR has moved potash from mines in Saskatchewan and coal from south-eastern British Columbia to trans-border gateways either in Saskatchewan or in Manitoba.

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From there these commodities are carried onward to destination points in the United States by interconnecting American railroads or from the mine sites entirely over Canadian Pacific lines to the port of Thunder Bay for vessel loading and delivery to ports on the Great Lakes.

There is no intention on the part of CPR to change these traffic routes. The real question deals with the fact that part of CPR's coal car fleet is made up of bathtub gondola cars that were manufactured in Canada and used domestically to export coal to the west coast. They are also used for the transport of low sulphur coal to power generating plants in Ontario, and CPR has a surplus of this equipment. These cars are cheaper to operate than the equipment currently used in transborder coal and potash service, so CPR applied to the U.S. regulatory authority for approval to operate these cars in the United States.

This approval is necessary because the cars were built in Canada and do not satisfy all the U.S. specifications. CPR has applied for a waiver of compliance on these specifications. The specifications do not compromise the safety of the rail car but are technically outside the United States design criteria.

It is looking for a waiver to avoid paying for the modifications solely for the sake of modifications. CPR's actions are a response to competitive advantages enjoyed by U.S. railroads.

I am sure the hon. member would be further interested to learn that CPR feels that its proposal to use these bathtub cars should not result in the loss of any Canadian railway employment. Indeed, if the proposal is accepted, CPR will generate increased traffic levels. To repeat, the use of the bathtub gondola cars is clearly an attempt to reduce the operating costs for the traffic in question.