

Northern Pipeline

pipeline. Both the Board and the designated officer would be subject to direction in the exercise of their responsibility by the governor in council.

An integral part of the agency's role is related to the broad terms and conditions laid down in the legislation that Foothills will be required to meet in order to comply with the certificate of public convenience and necessity that will be deemed to be issued with the enactment of the bill. The bill lays down certain general terms and conditions relating to such matters as the input of Canadian manpower, goods and services, the design, specifications and routing of the system, and the avoidance or minimization of adverse socio-economic and environmental impacts.

● (1542)

The Foothills companies would also be required to submit extensive information and, in many cases, to obtain federal approval with regard to such factors as costs, financing plans, shipper and producer contracts, operating and safety manuals, and collective agreements. The general terms and conditions set out in the legislation require Foothills to comply with all undertakings it made before the National Energy Board to achieve the greatest possible economic and social benefits from the project and to minimize adverse social and environmental effects.

These general terms and conditions will be supplemented and reinforced by detailed guidelines and orders to be issued by the northern pipeline agency. It is our intention to have the detailed terms and conditions relating to socioeconomic and environmental matters published in draft form this summer in order to obtain the views of various interested public groups and of the provincial and territorial governments concerned before they are formally adopted.

Foothills is already in the process of preparing an environmental impact statement in response to guidelines laid down as part of the second stage of the environmental assessment and review process, which will contribute to the development of the detailed terms and conditions in this area. The company may also be required to submit further information to assist in the preparation of supplementary terms and conditions relating to socioeconomic concerns.

As in the case of those dealing with other matters these detailed terms and conditions relating to socioeconomic and environmental issues will also be subject to revision to take account of concerns expressed by various groups. In addition to the obligations imposed directly on Foothills, there is also a responsibility on governments to adopt measures that may be required to avoid or alleviate potentially adverse socio-economic impacts which are beyond the control of the company. In the case of the Yukon the responsibility for developing mitigative policies and programs will be shared between the territorial and federal governments, as my colleague, the Minister of Indian Affairs and Northern Development (Mr. Faulkner), will explain more fully when he speaks later in the debate.

Earlier in my remarks, Mr. Speaker, I indicated that the terms and conditions laid down in the legislation would include

[Mr. MacEachen.]

extensive provisions relating to the input of Canadian labour, goods and services in the planning, procurement and construction of the pipeline in this country.

This is an issue I want to deal with very directly in view of the unrealistic and unfounded allegations made by some members of the opposition. The term "sell-out" comes easily to their lips. Indeed, the hon. member for Grenville-Carleton (Mr. Baker) made this charge even before we had concluded our negotiations on the agreement with the United States. Opposition members in fact, Mr. Speaker, are attempting to create an artificial issue where no issue exists.

During the hearings before the National Energy Board, Foothills stated its objective—and I stress the word objective because it was not and could not possibly be a flat guarantee—was to achieve Canadian input into the system in Canada of more than 90 per cent. During the intervening months Foothills has repeatedly restated that objective. On the basis of past performance of the sponsoring companies and of our own assessment of Canadian supply capabilities, there is every reason to believe that this target will be achieved.

The Canada-U.S. agreement itself asserts in its preamble that the system will be built so as to "advance the national economic and energy interests and to maximize the related industrial benefits of each country." The agreement also stipulates that each government will endeavour to ensure that the supply of goods and services for the pipeline project will be on generally competitive terms having regard to price, reliability, servicing capacity, and delivery schedules.

For some members opposite, that is the rub. They contend we should not stand ready to compete. They contend that we should have demanded a guarantee of a very high Canadian content regardless of price and regardless of its effect in escalating the costs of gas to Canadian consumers.

For the benefit of members let me point out that in the first place for Canada to have formally required, either in the bilateral agreement or the legislation, that Foothills purchase a guaranteed percentage of their materials from Canadian suppliers would be in clear violation of our international obligations under the General Agreement on Tariffs and Trade. There is no doubt about that.

Some hon. Members: Hear, hear!

Mr. MacEachen: That agreement stipulates that imports should be treated no less favourably than domestic products "in respect of all laws, regulations and requirements affecting their internal sale". That, in effect, is exactly what some members opposite have urged us to do.

The New Democratic member for Nanaimo-Cowichan-The Islands (Mr. Douglas) has suggested, according to a column by Geoffrey Stevens in the *Globe and Mail* of December 2—I hope I am not incorrectly quoting the hon. member, if I do I will be glad to apologize—that in failing to secure such a buy-Canadian guarantee we bought a pig in a poke. What he appears to be suggesting is that we should have tried to sell the