

*Tobacco Products*

Presumably, entrepreneurial American advertisers and tobaccoists who may see the possibility of moving into the Canadian market in the near future as a result of the trade agreement could very easily receive preferential tax treatment to advertise American tobacco products in American magazines which are also available for sale in Canada. That particular issue was discussed in detail in committee. In fact, it was determined in committee that we did not wish to permit a situation where American tobaccoists and American advertisers could bypass our law by attempting to target the Canadian market. The unanimous view of the committee was thwarted specifically by Subsection (3). Basically, that subsection is stating that it is *carte blanche* for Americans to come in with American magazines loaded up and targeted toward Canadians, for which they will get preferential tax treatment, and attempt to capture a larger share of the Canadian market.

If we are entering into a free trade agreement, and if we are saying to Americans that they can come in and trade in any number of commodities, the same legislation that will apply to Canadian advertisers should also apply to any American advertisers who may want to target the Canadian market. By virtue of Subsection (3) the Minister is prohibiting any action that might be taken by the Canadian Government to stop the bootleg advertising that could occur and, in fact, could be attractive to Americans who, as a result of the trade agreement, are getting preferential tax treatment, and who will also see the opportunity to come in and capture a market share which would be stabilized as a result of the Canadian decision to prohibit advertising.

This is a glaring loophole for American tobacco companies and American advertisers which should not be allowed to pass by way of this particular amendment. That is why we cannot support the totality of Motion No. 1. We see that particular amendment as an attempt to permit American tobacco companies and American advertisers to launch an assault on the Canadian market with preferential tax treatment in the manner that is currently being disallowed for Canadian advertisers and Canadian tobacco companies. That is not acceptable.

Therefore, in relation to Motion No. 1, we strongly urge the Parliamentary Secretary, since the Minister has seen fit to be elsewhere, to prevail upon the Minister to pull this subsection which is an assault on the integrity of the Bill, and by way of specific amendments to ensure that American companies will not be able to exploit a situation which will flow from the adoption of this legislation, and that is specifically as it relates to the rights of Americans to advertise American products targeting Canadian markets.

The Hon. Member is shaking her head. Perhaps she did not have the opportunity to read the position paper put forward by the Law and Government Division representative, Mr. James R. Robertson. He prepared a paper for the committee. It was his view that if preferential tax treatment were offered under the free trade agreement, there would be the potential of a threat from American advertisers who, in an indirect way,

attempted to get their message across to the Canadian market-place.

Many people in my home town of Hamilton watch CHCH television, but many people also flick the television to U.S. channels and are very subject to the onslaught of U.S. advertising. In the spirit of the so-called trade agreement, surely the Minister should make provisions to cut this off at the pass and ensure that entrepreneurial tobacco companies will not be using border crossings, border magazines, and border broadcasts as a way to indirectly target the Canadian market-place. That is why this amendment cannot go through. It specifically prohibits the Canadian Government from taking action against these advertisers.

● (1200)

I was one who fought in committee to specifically change the wording so that instead of just referring to advertising in Canada, it would say "no person", so that a company in New York could not be hired to direct an advertising campaign out of the United States into the very populous market-place of southwestern Ontario, a place which is very subject to the onslaught of American advertisers. Unfortunately, the concerns of the committee have been watered down and in fact nullified by this particular motion. That motion obviously cannot pass.

With respect to Motion No. 2, given that the Minister has taken much longer than had been anticipated in bringing Bill C-51 forward for final reading, the Hon. Member for Broadview—Greenwood realized that to move an amendment which would affect health signs posted before July 1 at this point would be rather moot. By the time the Bill gets Royal Assent, July 1, 1988, will obviously have passed and the Minister may want to look at changing that date or in some way modifying that. I find that at this point, Motion No. 2 is almost redundant, given that the Minister was so long in bringing the Bill forward.

Motions Nos. 3 and 4 obviously deal with grandfathering. The Minister did make a compromise which was a response to sports organizations and other cultural organizations that were concerned about the possibility of getting alternate funding. The motions that have been moved by the Hon. Member for Winnipeg North (Mr. Orlikow) basically cut in half and then in quarter the time allowed for grandfathering of sponsorship items. This reflects the recognition that sponsoring groups will have to phase out tobacco funding. These motions accelerate the process.

The Minister's own motion calls for a grandfathering clause which would permit unto infinity current funding levels for sports and cultural events that already exist. The amendment suggests that that be pared down by first one-half and then one-quarter. We think that is a good compromise, based on the concerns many people have, concerns which were very validly expressed.