

the legislation. I appeal to the Deputy Prime Minister to consider this argument when he winds up the debate.

The Minister of Industry, Trade and Commerce (Mr. Horner), speaking in the debate on Monday, February 20, replied to the hon. member for Nanaimo-Cowichan-The Islands. I was astounded to read his speech and I am totally convinced the minister made a mistake when he read the notes that were prepared for him by his department, because in one paragraph he put forward an argument which he withdrew completely in the next. I refer the Deputy Prime Minister to page 3035 in *Hansard*. It is at this point that the Minister of Industry, Trade and Commerce is trying to deal with the fundamental argument which is now of concern to the leaders of the steel industry in Canada and to members of the NDP, that is, the problem of assessing what fair competition is in reaching a decision about which companies in which parts of the world are going to get contracts. This is what he said in terms of dealing with state subsidies, special tax concessions of the kind, for example, that DISC provides in the United States:

Action under the Anti-dumping Act could be taken in cases where exports into Canada are financed under more favourable terms than are available to the foreign manufacturer for its domestic sales. Under regulation (11A) of the anti-dumping regulations, credit and other financing terms can be taken into account in determining the normal value, export price, and, hence, the margins of dumping under the meaning of the act.

● (1612)

That quote, if left alone, might persuade a number of people in this House. People might say that the Minister of Industry, Trade and Commerce has shown that we have regulations which will really protect the Canadian steel industry from unfair competition. However, the minister went on, and as sure as I stand here I am totally convinced the minister made a mistake. I think he was reading a note from one of his officials about the problem associated with this, because this is how the minister continued:

It should be noted that neither (11A) of the anti-dumping regulations nor the imposition of countervailing duties for reasons of export financing subsidies, appear to have been tested as yet. Moreover, the anti-dumping option would really only come into play after the fact, which renders its use, other than as a threat mechanism, somewhat ineffective.

The Deputy Prime Minister looked concerned when I read that to him, and well he should, because in the words of the Minister of Industry, Trade and Commerce there is a complete undermining of the government's argument that we are going to be protected. What the Minister of Industry, Trade and Commerce said is that the very provisions of the Anti-dumping Act in section (11A) are going to be ineffective. He was saying that they have not as yet been tested and that with regard to the Alcan pipeline they would become operative only after the fact. Does this mean that after we buy the pipe and lay it—whether we buy it from Italy, Japan or some other country which might win in the bidding—only then can the government go back and say, "Too bad, fellows, you violated our anti-dumping legislation"?

I repeat what the Minister of Industry, Trade and Commerce said:

Northern Pipeline

Moreover, the anti-dumping option would really only come into play after the fact, which renders its use, other than as a threat mechanism, somewhat ineffective.

That was not said by a member of the opposition, it was said by a minister of the Crown, and to me it is the most damning argument which has been presented on the matter of competitiveness. I hope the Deputy Prime Minister will deal with that issue when he speaks.

With regard to being optimistic that Canadians will get the jobs in a competitive situation, the minister said that the Canadian steel industry is competitive. We think it is competitive, but who got the contracts for building the American pipeline in Alaska? Was it the Canadian steel industry or the American steel industry? Not at all. It was the Japanese steel industry. I do not know why the minister is so convinced that we will automatically get the contracts to produce the pipe when, for a similar project in Alaska, the Japanese, not the Canadians or the Americans, got the contracts. Surely that should give even the minister reason to pause and not be so acquiescent and optimistic about jobs.

Financial experts are now saying that Foothills will find it easier and cheaper to finance the project if more pipe, equipment and services are purchased offshore than originally planned. Lacking government financial backstopping which would have increased security and lowered debt costs, the consortium may be forced to minimize debt costs as much as possible to ensure debt and equity financing. One obvious way of achieving this would be to take advantage of less expensive foreign export financing which often accompanies foreign purchases.

If the consortium attempts to raise funds abroad, perhaps either in Japan or Europe, in the face of financing difficulties here in North America, it could well expect demands by foreign bankers and other foreign investors that the project use foreign funds to purchase foreign goods and services. In other words, if Foothills is going to get assistance in financing this massive project, which will cost anywhere from \$10 billion to \$14 billion, the source of those funds, whether continental Europe or Japan, could well insist that a good part of that money be used to purchase equipment in those countries. This is not a concern expressed only by the New Democratic Party.

I want to read to the minister from a confidential report prepared by the Department of Industry, Trade and Commerce. With direct reference to this problem of financing abroad, and therefore buying steel abroad, the report says the following:

The Canadian content actually achieved could vary substantially from estimates because of competitive pricing conditions, tied and concessional financing, government monitoring, corporate attitudes, and other factors.

The Department of Industry, Trade and Commerce seems quite concerned about tied and concessional financing arrangements which could be made by Foothills in and with other countries.

I have tried to put on the record some interconnected reasons why we are not all acquiescent or optimistic about the number of jobs which will come to Canada because of our