

Adjournment Debate

The export price on cigarettes is about \$14. The retail price in Canada for the same carton of cigarettes is in excess of \$40.

Canada has been one of the most successful countries in the world at reducing tobacco consumption. This made tremendous savings to our health care system and saved the lives of a countless number of Canadians. In spite of that, every year 38,000 Canadians die of tobacco related diseases. There is a loophole and that is the low price of cigarettes being exported out of the country and then smuggled back in. The impact is a loss of \$350 million in revenue to the government and our health promotion program of reducing tobacco consumption is being undermined.

Myself and other people and organizations including the Canadian Cancer Society, the Canadian Centre for Substance Abuse, and the Canadian Medical Association are calling for an export tax of \$10 a carton on tobacco products. This would mean that it would be uneconomical to smuggle those back into Canada to circumvent our health promotion programs and our taxation.

We cannot understand why the government did not plug this loophole immediately. We can only speculate it is because of the influence of its friends in the tobacco industry, including Bill Neville. They are putting tremendous pressure on this government to erode its anti-tobacco campaign. We are anxious that this government not capitulate to the multinational tobacco corporations by not putting on an export tax. I trust the hon. parliamentary secretary will get up and inform the House that there will be an export tax and there will be no reduction of taxes on Canadian cigarettes.

In addition to the export tax, we are asking that labelling be strictly enforced so that it is very obvious when exported cigarettes are brought back into Canada.

It is important for the health of Canadians, for the reduction of government expenditures on health care, that this loophole in its good anti-tobacco campaign be immediately plugged.

[*Translation*]

Mr. Pierre H. Vincent (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I thank my colleague for his question. The government is of course aware of representations by certain groups that an export tax be imposed on cigarettes as a means of discouraging smuggling of these products.

This is one of a range of possible approaches to address this problem. The government is addressing this issue through several mechanisms. For example, in 1989, it introduced a number of measures designed to deter the smuggling of tobacco products. These measures included improving the legislative provisions relating to the marking of tobacco packages to identify more clearly tobacco products for the domestic market which are subject to duty and tax and those for export which are not subject to duty and tax.

Mr. Speaker, the penalties imposed under the Excise Act for selling tobacco products on which excise duty and tax have not been paid were also increased substantially at that time. More recently, the Minister of National Revenue has been working with the police authorities concerned in an effort to develop better strategies to counter the problem of cigarette smuggling.

Finally, Mr. Speaker, the government has initiated a review of the legislation which imposes excise duties and taxes on tobacco products. One of the key aspects of this review will be to examine whether further steps should be taken to reduce cigarette smuggling. The hon. member may be assured that his representations for imposition of an export tax on cigarettes will be considered in the course of this review.

[*English*]

The Acting Speaker (Mr. DeBlois): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 o'clock a.m., pursuant to Standing Order 24(1).

The House adjourned at 6.29 p.m.