It is urgent that we establish a new trading regime in Canada, one based on more open interprovincial trade, one that would not impede the movement of people and investment within the country and one that would allow for co–operative approaches to the resolution of domestic trade disputes. Bill C–88 is a key element in bringing to fruition the process of intergovernmental negotiation and co–operation that will produce that new regime.

[*Translation*]

This bill concludes a lengthy process to which many people have contributed and which has involved analyzing a great many issues and points of view. Ministers and officials of the federal, provincial and territorial governments took an active part in this process, as well as representatives of the private sector.

In fact, representatives of the private sector and especially members of the business community have put constant pressure on all levels of government to find ways to deal with interprovincial trade barriers and the resulting economic cost for Canada.

The Canadian Manufacturers Association, for instance, estimates that trade barriers on domestic markets cost the Canadian economy about $7 billion annually in terms of lost jobs and income.

[*English*]

The agreement on internal free trade signed last year by the Prime Minister and other first ministers is an outstanding example of what can be accomplished within a co–operative framework in Canada. It is also important to note that political parties of all stripes and all regional perspectives have been part of this process.

[*Translation*]

All parties that took part in the negotiations share the same view and recognize the benefits of a more open market for Canada.

[*English*]

As a result of the work done by the committee of ministers on internal trade and by the chief negotiators, we achieved a comprehensive agreement. It provides for a rules based system for trade within Canada, a dispute settlement mechanism to resolve issues on internal trade matters, a standstill on new barriers, commitments to future negotiations to broaden and deepen the agreement, a code of conduct to prevent destructive competition for investment, increased labour mobility and a commitment to reconcile standards related measures. These are significant achievements.

[*Translation*]

Dispute settlement is a key component of this agreement as it is of any trade agreement. This agreement represents a unique response to circumstances that are uniquely Canadian. The agreement is based on rules which, in turn, are based on certain concepts and agreements that are well established in international trade but adapted to the Canadian context.

[*English*]

Well known examples include the GATT agreement, the European Union and NAFTA. There have been suggestions that we in Canada should just use one or other of these models in the Canadian situation. However, these suggestions overlook the important issue of the sovereignty of the parties to an agreement as well as the degree of political control the parties themselves are willing to give up to the compliance mechanism which is in place in the accord.

The agreement on internal trade sets out the framework and basic underpinnings for a dispute resolution mechanism approach that is unique to the Canadian context and provides for open access to the settlement process. This approach commits all parties to the use of conciliation to address problems arising from the provisions of the agreement, including its principles, its rules and its individual sectoral agreements.

• (1725)

The mandate of the committee on internal trade is to "assist in the resolution of disputes arising out of interpretations and applications of the agreement". The working philosophy of the committee and of the agreement is to use consultation and conciliation in dispute resolution.

Disputing parties will be encouraged to make every attempt through co–operation, consultation and other forms of dispute resolution to arrive at a solution. If consultation fails, governments or governments on behalf of individual persons or persons directly can ask to have matters raised with a panel. The panel will consider the facts and make recommendations for changing policies or behaviour, but it will not assess damages. The underlying objective of the process is to seek to change inconsistent behaviour and policies and not apply penalties or award damages.

Under the agreement, retaliation is only possible at the end of the dispute settlement process. Only in cases where the federal government was a complainant in a dispute and only where a province has refused for a year to change a measure found by an impartial panel to have violated the agreement could the federal government consider taking retaliatory action.

Such action would first have to be discussed with the committee on internal trade. Even then it could only be such as to have the equivalent economic effect to the measure that had originally violated the agreement and it would have to be taken in a sector specifically covered by the agreement. This is what the Bloc Quebecois is complaining about as an undue intrusion of the federal government into provincial affairs. I ask you, Mr. Speaker, if you have ever heard anything so ridiculous.