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—the importance of this African tax haven in the shipping world. Because it encourages the use of its flag as a flag of convenience, it has the world's largest merchant shipping fleet. Liberia is the only tax haven in Africa and has a few other significant tax features of potential interest: it levies no tax on the foreign source income of non-resident corporations more than 50 per cent foreign owned, but does tax their domestic income. The country's corporation law is patterned after that of Delaware. Assistance in establishing a company may be had through a Liberian trust company office in New York. Despite its distance from the United States (almost nine hours by jet from New York), it uses the U.S. dollar as its currency and English as its official language. The nation has no exchange controls and has been an independent republic since 1847.

Liberian corporations can be formed quickly, sometimes within 48 hours, by cable from the United States, and have several other handy features. Annual meetings can be held anywhere... but there are no government reporting requirements and bearer shares may be issued. The articles of incorporation need not specify corporate purposes, and corporations may become directors as of 1977. There is no residence requirement for officers, directors, or stockholders, although each corporation must have a resident business agent in the country, a task usually performed by a local trust company.

Let us not kid around, Mr. Speaker. What we are proposing is to sign a double taxation treaty with Liberia, a country that has made a specialty of not only granting tax haven status to those who want it, but making it so attractive for the registration of fleets that the largest merchant fleet in the world is registered through Liberia.

I ask the question again: Are we sure that is the type of country with which we want to enter into a double taxation treaty?

An hon. Member: Yes it is.

Mr. Stevens: The second question I must ask is where is the benefit to us? Where is the other side of the treaty that we can point to as showing that not only are we getting international agreements signed, but showing the advantages to Canadians of some type of attractive tax treatment for those who wish to do business here?

Mr. Evans: Did you ask those questions when the treaty was before your cabinet last year?

Mr. Stevens: Mr. Speaker, we have another voice in the wilderness over there. The member has asked a very pertinent question. He wants to know if I asked the questions I am now asking of our own cabinet. I am very pleased to tell the hon. member that I did. If he wishes to go through his governmental files he will find discussion papers on what is now before us. I would urge him to bring those discussion papers along when this bill goes to committee so that we can have a free discussion and get a lot of that information on the record.

Mr. Evans: I cannot do that.

Mr. Stevens: Mr. Speaker, the voice in the wilderness now says he cannot do that—he cannot bring these discussion papers to committee.

There are two other countries I should like to touch on very briefly that are included as possible tax treaty countries. Barbados and Malaysia are both tax havens under the definition of that status noted in the "Tax Havens of the World"

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booklet I referred to. Let me deal first of all with Barbados. This is an interesting study. My hon. friend who spoke once from the wilderness and then went mute, knows that in the Bank Act which is before the finance committee, there is a proposal to allow foreign banks into Canada.

It is interesting to see what Barbados, as a tax haven, did to facilitate bank activity there. The main reason I raise this question during the discussion of Bill S-2 is to make sure we have the proper perspective. These are not innocent little treaties; they are very significant treaties. Canada is becoming one of the most active countries in the world in signing these treaties and I think we must get the other side of the story before we rush into some of them, perhaps unwittingly.

Having regard to Barbados, the booklet "Tax Havens of the World", dealing with the act that concerns corporations states:

—under the amended act of 1977, only a "resident" international business company may qualify for income tax exemption. A "resident company" is a company incorporated under the laws of Barbados or having its business managed and controlled in Barbados.

I want to discuss what they have done with respect to banks, Mr. Speaker. On the next page the booklet states:

As an integral part of its hopes to attract foreign companies through tax advantages, the government of Barbados also became a financial tax haven in 1979 when new banking and trust institution legislation was implemented. The new offshore banking laws permit foreign banks incorporated in Barbados to carry on business outside of Barbados with considerable flexibility and do not require a minimum or maximum capital investment. However, a relatively small tax of only from 1 to 2½ per cent as determined by the Commissioner of Inland Revenue is levied on the earnings of Barbados banks derived from offshore activities.

Later on the same page the article goes on to say:

Patterned after the unusually successful Singapore offshore banking law, Barbados permits nonresidents to operate banks in Barbados that are not subject to the normal 45 per cent tax applied on business profits and associations for dividends, interest, servicing and other income earned outside of the island. The traditional bank secrecy rules of the other leading financial tax havens of the world are practised. To qualify for an offshore banking institution in Barbados, foreign investors are not allowed to transact business with Barbados residents, receive deposits from residents or carry on lending arrangements which create interest and other income derived from Barbados residents.

Is it not rather strange that we have on our left a rump group which from time to time likes to ask how it is that our banks are not paying higher income taxes, and yet to this moment in this debate they have not said anything about this bill that would obviously facilitate the avoidance of tax by one or more Canadian corporations? We hear nothing from them to indicate they are interested in what Bill S-2 is all about.

I invite those interested in the ramifications of these tax haven countries, with whom we are considering entering into certain treaties, to read the book "Tax Havens of the World". Everything is set out very well in it. It deals with the type of incentives Barbados, for example, offer to win business. On page 6 of the section on Barbados, it states:

Like the other present and former British overseas territories situated in the Caribbean area, Barbados takes pride in offering a number of Pioneer Industries and Industrial Incentives Acts in addition to the International Business Companies (Amendment) Act, 1977. One of the most important of these incentive laws is the Pioneer Industries Act of 1958 which provides manufacturers of approved products with exemption from taxes for a specified term of from seven to ten years under an option plan involving two choices.