

*The Budget—Mr. MacEachen*

November 20 when he talked about the power to control government spending. I would like to put on the record some history which would indicate that what the Leader of the Opposition said on that occasion was quite wrong and quite false.

In connection with the northern gas pipeline I would like to say that since the approval by this House last April of the legislation establishing the agency to supervise and monitor the construction of the pipeline, the next most important development was the approval by the United States Congress, following many months of debate and study, of the energy bill which, among other things, establishes a system which will govern the price of gas at the wellhead and the price at which shippers sell it to consumers in the lower 48 states.

As hon. members will realize, the determination of this pricing regime was absolutely essential to the negotiation of contracts between the producers and shippers of gas and between the shippers and pipeline companies. Such contracts are in turn a prerequisite for arranging for the commitment of the vast amount of funds required to finance the building of the system.

Just this week, on the occasion of the visit to Ottawa of the Secretary of State of the United States, it was possible for both governments to emphasize once again the high priority which is attached to the completion of this project. Certainly the Government of Canada has a very deep commitment to the completion of the project, and this commitment is shared by the Government of the United States. Both governments are committed to expediting the building of this system because of the substantial contribution it can make to energy needs, industrial development, and the creation of output and employment in both countries. Indeed, by all accounts these considerations were also an important factor in persuading the Congress of the United States of the necessity for moving forward with the energy legislation and the gas pricing regime embodied in the legislation, which is so essential to the outcome of this project.

Despite the short-term changes in the demand and supply picture there is every evidence that gas from Alaska will be required to meet a pressing United States energy need by the time it is available for delivery to southern markets in the early 1980s. For that reason we remain convinced that the project is economic and that it can be undertaken by private enterprise.

It is our expectation that negotiations for contracts between gas suppliers and gas distribution companies will now proceed, so that the basis can be laid for the financing of this great project. I wish to assure those who are involved, or who may be involved in these negotiations, that the Canadian government believes it to be in the national interest that the construction of the Alaska Highway pipeline should proceed as expeditiously as possible. Our policies and future decisions which may affect the project will continue to be directed to that objective and so, I am informed, will the policies and decisions of the United States administration. As I said, that joint commitment to the success of the project was restated once again this week by

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both governments in discussions with the Secretary of State of the United States, Mr. Vance.

● (1252)

Turning to the multilateral trade negotiations, I need hardly remind hon. members of the significance of trade to this country and the significance of a satisfactory world trading environment. This is why Canada has attached such importance to the successful outcome of the multilateral trade negotiations which are now approaching their final stage in Geneva. Our objectives in these negotiations must be considered an important element in our efforts to promote the efficient development of Canadian industry and to gain broader export opportunities for our manufacturers, our primary producers, our farmers and our fishermen. I shall deal by way of report to hon. members on each of these sectors.

On the industrial side, improved access abroad should allow us not only to increase exports and export earnings but to achieve the longer production runs and increased productivity that are needed in many cases for Canadians to compete more effectively both in world markets and in our own. The greater liberation of trade in a number of resource-based sectors should provide similar support to the government's policy of encouraging the further processing of our raw materials prior to export. We have a major interest in broadening our markets for agricultural and fisheries products, particularly, in Japan and the European community.

On the import side, while lower tariffs will obviously involve greater competition from abroad for Canadian producers, they should also, by reducing the costs of imported raw materials and other production inputs, strengthen the competitive position of our own manufacturers as well as bring lower prices or costs to consumers. Quite apart from the changes that will be made in tariffs, I think it should be borne in mind that the new trading rules which are being drawn up in the course of these negotiations will establish the framework for international trade for the next 15 or 20 years.

As a major trading country it has been essential for Canada to take part in this process and to ensure that Canadian interests are taken fully into account. As hon. members know, these negotiations are much more complex than any previous set of negotiations. The earlier negotiations to which we have become accustomed dealt primarily with tariff questions. This particular round of negotiations is attempting to deal as well with broader trade problems, including the reduction or elimination of a wide variety among tariff barriers, and the drafting of international codes of conduct in a number of specific areas.

Attention is also being given to the improvement of certain existing provisions in the General Agreement on Tariffs and Trade to make them more responsible to changing world economic conditions. In this regard considerable emphasis is being placed on the special problems and needs of the developing countries. At the same time efforts are being made to make the more advanced of the developing countries, a number of which are strong competitors for certain manufac-