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meeting. We actually had a very productive meeting last week, and this week we will be pursuing it further.

If we do not reach a satisfactory understanding we will continue to pursue our rights, even to go so far as to evoke the bi-national panel.

Hon. Roy MacLaren (Etobicoke North): Mr. Speaker, the minister claims that Canadian exporters can have recourse to dispute settlement mechanisms but he knows that they are both time consuming and costly. Further, in the case of the section 18 of the agreement which he mentions, decisions are not binding.

The question remains: How does the government intend to address the fundamental problems with the free trade agreement such as the ill-defined rules of origin and the continuing absence of any definition of subsidies? Does it intend to reopen the free trade agreement, or does it believe that it can somehow resolve these and other problems in the context of the North American free trade agreement which it is now negotiating?

Hon. Tom Hockin (Minister of State (Small Businesses and Tourism)): Mr. Speaker, generally on this issue the hon. member's party is taking the position that GATT dispute mechanisms should settle all problems of this sort.

In fact GATT in many cases is not binding at all. It has moral suasion but it is not binding at all compared to the free trade agreement bi-national panel. Under section 18 the binding quality is far different from any GATT resolution.

Also, the time it takes through GATT to settle these issues can be not just months but years, whereas under the free trade agreement there is a set number of days, some 300-odd days when the decision has to begin and end.

There is no doubt that if you have this kind of dispute with the United States of America, it is a tremendously new, positive thing to have a dispute settlement mechanism which we did not have before the free trade agreement.

[*Translation*]

TOBACCO INDUSTRY

Mr. Paul Martin (LaSalle—Émard): Mr. Speaker, my question is for the Prime Minister. The export tax on tobacco will neither keep people from smoking nor prevent smuggling. The danger with this tax increases with its use. This tax will only have one real impact, and that is to export our jobs to the United States.

The Prime Minister claims that he talks tough to President Bush. Will he talk tough to his minister for national revenue? Will he tell him to withdraw that tax immediately? There are 4,000 Canadian jobs at stake.

[*English*]

Hon. Otto Jelinek (Minister of National Revenue): Mr. Speaker, I find it very interesting that the critic on the environment would take this position when the Liberal Party's critic on health said on February 13, the day after the anti-smuggling announcement: "For the sake of health and business, hurrah for yesterday's proposed new \$1 per package export tax on Canadian cigarettes". Hurrah as well, for high fines for smugglers. Hurrah for the government.

Hon. Ralph Ferguson (Lambton—Middlesex): Mr. Speaker, this export tax on tobacco is not a contraband issue. It is not a health issue. It is an economic issue, a job issue.

This tax will result in even more cigarettes being smuggled into Canada, American cigarettes. One major Canadian processor is withdrawing from purchasing supplies here in Canada. This will cause massive job lay-offs within the industry.

Canadian growers plant their seedlings later this month. They need to know if the industry will survive.

Will this minister assure this House today that he will scrap this devastating export tax?

Hon. Otto Jelinek (Minister of National Revenue): Mr. Speaker, I am surprised that he had the guts to stand up after I just read what the health critic of his own party stated.

I can also tell him that the Non-Smokers' Rights Association today came out with a press release categorically supporting the moves of this government and supporting the Liberal health critic by the way. It was