



CANADA

House of Commons Debates

VOLUME 144 • NUMBER 006 • 2nd SESSION • 40th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Monday, February 2, 2009

—
Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Monday, February 2, 2009

The House met at 11 a.m.

Prayers

GOVERNMENT ORDERS

• (1100)

[*English*]

CANADA–EFTA FREE TRADE AGREEMENT IMPLEMENTATION ACT

Hon. Stockwell Day (Minister of International Trade and Minister for the Asia-Pacific Gateway, CPC) moved that Bill C-2, An Act to implement the Free Trade Agreement between Canada and the States of the European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland), the Agreement on Agriculture between Canada and the Republic of Iceland, the Agreement on Agriculture between Canada and the Kingdom of Norway and the Agreement on Agriculture between Canada and the Swiss Confederation, be read the second time and referred to a committee.

He said: Mr. Speaker, it is very timely that our colleagues on all sides of the House are giving consideration to this important legislation. With regard to the actual work that has been done, people on all sides need to be congratulated for the extensive amount of work that was done to conclude the negotiations. That has taken place. The process now is it comes to Parliament for ratification.

The timing of this is really fortuitous because we are engaged right now, whether we like it or not, in a synchronized global downturn of economies and the world is gripped by this. We are looking for ways in which trade and commerce can move and sending signals that the opportunities for workers, producers and manufacturers are there. It is an important that we are seen to be pursuing this, and we are.

We understand that if we really want to protect industries within our country, if we really want to protect our workers, then what we do is we open up the doors and the opportunities for them to sell their products and services and manufacture those things which are wanted in other parts of the world.

As Canadians, as a country, we are as prosperous as we are because we are free traders. We believe in the importance and the power of doing that. As a nation, we cannot in and of ourselves consume everything we can produce. We must have ways to sell and

to market not only our products but our services if we are to continue to be prosperous.

The backdrop to our discussion today is the fact that there are clouds on the horizon related to the whole issue of protectionism. Some countries possibly are reflecting that the best thing they can do is build protectionist trade walls. We know this would be a negative thing to see happen. We know history is very clear. When we look at the conglomeration of nations and how nations encourage and move along in terms of prosperity, we only have to look back to the horrific economic ramifications of the Great Depression.

In 1930, when that global economic downturn took place, some economic specialists speculated that they were facing probably a one or two year recession at the time. The United States came out famously with the Smoot-Hawley legislation that started to build a protectionist barrier. Other countries responded in kind and pretty soon around the world we had situations where countries could not sell or export the very things that were needed and that would have led to prosperity. In fact, the recession was deepened, leading to the Great Depression.

That is a 60 second summary of what took place. Therefore, it really is a backdrop of what we are talking about today and it shows the importance of moving on with this type of legislation.

Our competitors are many and are friendly allies, whether it is the United States, or Australia, or the U.K. or the EU. We are friendly nations, but we compete and do have things that we can sell back and forth and encourage our mutual prosperity.

We should be aware that in the pursuit of free trade agreements our competitors have been very busy and active. The United States just over the last short period of time has concluded some 17 free trade agreements. It is in the process of pursuing another eight. Mexico, our other partner in NAFTA, has concluded 12 free trade agreements. If we go further south in the Americas, Chile has concluded 13 free trade agreements with other countries. In fact, its 13 agreements cover 43 separate countries.

Therefore, if we look at a situation where we want to deal with a country that has a free trade agreement with somebody else, its goods and services will get into those countries tariff and barrier free. That puts our manufacturers at a serious disadvantage. We need to look at reducing those obstacles and increasing and expanding our doors of opportunity.

Government Orders

●(1105)

At what is now referred to as the Washington conference last fall, the G20 leaders made a declaration that countries should not fall back into or delve into areas of protectionism. It is called a stand still on any protectionist activity. I would suggest that a stand still is necessary, and that was endorsed by trade ministers around the world at the following discussions that took place in Peru at the Asia Pacific economic meetings. From our perspective, we are going even further than that. We are not saying stand still, we are saying move ahead and overcome the inertia that is gripping the world in terms of trade right now.

Therefore, we have before us the European free trade area agreement. When we talk about what those letters stand for, some people might think this is a deal that engages all the European community. In fact, it does not. We are talking about four very sophisticated entities: Iceland, Norway, Switzerland and tied in with that, Liechtenstein. These are modern, sophisticated entities. They say that they want to engage with us and we want to engage with them to reduce and eliminate trade barriers.

The numbers coming in at the end of 2007 for two-way trade and investment with Norway were \$4.7 billion. In the summer of 2008, Norway added to that investment another \$3 billion just in the areas of oil, gas and agriculture.

There is a broader platform and picture that needs to be taken into account, because we are talking about engaging these four entities. However, for us, this is an entry and lever into the broader EU community for an eventual and much hoped for Canada-EU free trade agreement. This is something we are zeroing in on, something we have been discussing for some time. The Czech Republic has the presidency of the EU for the next six months. I was in Prague last month and I talked to officials there. I made it clear that we were ambitious on that score. We made that point with the European Commission as well. On another free trade area, being the EU area, we are very ambitious and are working toward the conclusion of discussions to get a formal framework in place to start that process.

In and of itself, the so-called EFTA agreement before us today is important for the prosperity of our citizens and the four entities named. However, there is the broader context which is important to keep in mind. Clearly, consultation between us and the provinces is very important when we look at these types of agreements. The consultation process involved in the EFTA agreement was extensive, and will continue to be. We want provinces to come forward with their areas of concern and sensitivity. That has been done in this process and those have been thoroughly fleshed out and addressed to the point where we could sign the agreement.

As an example, we had concerns from the shipbuilding industry in Canada. What happens when we take away the tariffs related to shipbuilding, we open ourselves up to global competition. We believe we can rise to that competition and meet any of the challenges the world has to offer, but we looked at those sensitivities, particularly those in Quebec and other provinces with shipbuilding industries. In a spirit of co-operation and understanding, as we discussed this with our four partners on the other side of the EFTA agreement, we agreed we to look at the removal of those tariff barriers, but do it over an extended period of time, 15 years in this

case related to the shipbuilding industry. Therefore, the sensitivities we hear from around our country and from various industries are taken into account as we move along this road.

It also fits with our government's global commerce strategy, as we have talked about in our comprehensive action plan in which \$60 million has been committed just to the area of doing what we can in terms of our global strategy to assist manufacturers, exporters, entrepreneurs and innovators to get not just the message but the products out there in a way that gets worldwide attention and shows that Canada has something to offer, which then increases our ability to manufacture, export and to be prosperous.

●(1110)

We are not stopping with this agreement. We have been very clear that we have agreements now concluded with Peru and Colombia. These will eventually come to the House. We had an earlier agreement with Jordan, and there are others in process. Our officials are in discussion with South Korea, Panama, the Dominican Republic, the CARICOM nations in the Caribbean, Singapore and the group of nations called the Central American Four, being Guatemala, Honduras, Nicaragua and El Salvador. We are actively engaged to ensure we do everything globally in our commerce strategy to keep the doors open and the opportunities very much alive for Canadians.

It is not strictly on a trade side. There are other areas that have to be pursued, and we do that in concert with the trade discussions. For instance, if we are going to invest in another country, our investors and business people have to be assured that there is a platform, a framework, that offers the benefits of rule of law, respect for contract law and other similar areas. We call these our foreign investment protection agreements. It is necessary to strike these with other countries. We will never guarantee that somebody's product will sell, but we can work with another country to ensure that the investment itself is subject to certain standardized rules and certain rules of contract law and investment law, banking law and credit, so at least our investors and business people know they have a level playing field and a platform when they go into those countries.

Along with that are science and technology agreements. We have put in place these very important initiatives with a number of countries, and I signed one not long ago with Brazil, where industry and the academic communities will know we have science and technology agreements, where both governments would pool an agreed upon amount of funds and then send out a message inviting the universities or scientific communities to bid for procurement of those funds to mutually pursue areas of science and technology.

Along with those, we look at a variety of other agreements that affect our economies. Air service agreements are very important when we are talking about giving choice to consumers, but also keeping costs down in terms of transporting and shipping product.

I might add we have in our budget considerable funds, into the billions of dollars, for our great gateways in our nation for shipping, such as the Asia-Pacific gateway. We have a gateway proposal and the funds to back it up for the Atlantic region.

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We are doing everything we can, on a variety of levels, to build the platforms and construct the frameworks for Canadian entrepreneurs, innovators, manufacturers and exporters in virtually any area of endeavour who feel they have something worth selling. We will never guarantee they will be able to sell that, but we can guarantee we will smooth the way as evenly as possible within the context of the various trade agreements that are signed onto globally so their products can be established and Canada can continue to be prosperous.

I arrived in Switzerland for meetings on Friday and met with the vice-president. Literally moments before my arrival the upper house had in fact passed its portion of the agreement before us today. I am certainly not saying it was my arrival that moved that along. I would not even suggest that. However, it gave me great encouragement that the Switzerland legislators were dealing with it, that they saw this as positive and that they were moving it along. I assured them that we would be going through a similar process here and that, respectfully, with the input of colleagues here, we hoped for a successful conclusion of the discussions, the ratification of the agreement in our Parliament and the ongoing prosperity of Canadians, especially in this era of global concern.

• (1115)

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, on behalf of the House I would like to thank the minister for a very excellent overview with respect not only to the agreement but some of the associated issues. He has mentioned the foreign investment protection agreements. He has mentioned the science and technology agreements. He has talked about the infrastructure that we are going to invest in to make our regions more competitive.

I wonder if the minister could address two issues. The first is the matter of equity. In talking about the sense of fairness on the issue with respect to Korea, where I understand there are ongoing discussions, the automotive industry here is extremely concerned about the inequity with respect to the import of Kia and other vehicles and no reciprocity with respect to that sector.

The other question is with respect to transportation technologies. The minister talked about the agreement with Brazil, but every time we have been to the WTO in terms of access and competitiveness with respect to Bombardier and transportation products, we win those hearings but we do not seem to be able to reinforce that international agreement that there has to be fairness through the ongoing statutory and quasi-judicial processes.

I wonder if the minister could comment on those two particular areas.

Hon. Stockwell Day: Mr. Speaker, those particular questions do not refer directly to EFTA but they are important questions. They are germane to the broader discussion and I am happy to address them. I appreciate my hon. colleague raising the questions.

We are engaged in discussions with South Korea and hopefully we will move along with an eventual free trade agreement.

The issue of the 6% tariff related to vehicles is something that is being actively discussed. We are looking at the percentage of those vehicles, the impact that it would have. The exact number is relatively small vis-à-vis the rest of the market here in Canada.

That is an example of the sensitivity that has been raised. We are definitely working with our industries in discussions and we are crunching the numbers on that to see how that can be applied. We are pursuing this agreement with Korea.

I agree with my colleague, related to Brazil with whom we do not yet have a free trade agreement. If we did, then I think some of these other issues would be resolved.

It is an ongoing frustration that we will identify with another country what we might perceive as something that is heavily subsidized or even a non-tariff barrier and take it to an independent dispute mechanism to be adjudicated, get a favourable adjudication, and then find out that the other side is not that enamoured with the decision. That creates ongoing difficulties. These are the facts of life, unfortunately, in some of the areas of trade. We are very concerned about that.

We are in ongoing discussions with the company the hon. member mentioned. With respect that particular company, Bombardier, I was in India last month. It is supplying the cars and the metro system that is going to greatly assist not just the transportation system but of course the whole environmental question. Here is a Canadian company that has shown it can compete anywhere in the world. To be frustrated by a lack of follow-up when we—

• (1120)

The Deputy Speaker: Order, please. I will have to cut off the hon. minister there to allow for a few more questions. The hon. member for Burnaby—New Westminster.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, I listened attentively to the minister. It is quite interesting that he did not actually refer to any of the specifics of the EFTA agreement, which I think is curious given that he is supposed to be promoting this agreement. I want to read into the record some of the comments that have been made around the specifics of EFTA. We have Mr. Andrew McArthur, from the Shipbuilding Association of Canada, who said in testimony to the standing committee:

From day one, we said the Norwegian industry has been totally supported by its government to build up a tremendous infrastructure. It is a good industry with a lot of government help, and now they're looking to see what else they can do. So our position from day one has been that shipbuilding should be carved out from the trade agreement.

That did not happen. We have Karl Risser, representing marine workers, who said: "What we have seen is the EFTA agreement, which we feel will further devastate the shipbuilding industry". He goes on to say: "So this EFTA deal is a bad deal for Canada".

We have George MacPherson, representing western marine workers and shipyard general workers, who said:

Canadian demand for ships over the next 15 years is estimated to be worth \$9 billion in Canadian jobs. Under the FTAs with Norway, Iceland, and now planned with Korea and then Japan, these Canadian shipbuilding jobs are in serious jeopardy. In these terms, this government's plan is sheer folly and an outrage.

We have very clear comments on the specifics of the EFTA agreement. Is this just another softwood sellout? But this time the government is selling out the shipbuilding—

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The Deputy Speaker: The hon. Minister of International Trade.

Hon. Stockwell Day: Mr. Speaker, let me go into some details. Usually the details at this stage and the discussion does not normally take place. We get into those as we move forward in the various stages of the bill, but I am happy to look at some of the specifics.

Just to let the member know, and I will just go on until you stop me, Mr. Speaker, there are certain vessel types that will subject to the 15 year phase-out period. This has been discussed with the industry. The tariff lines that are subject to the 15 year phase-out include tugs, ferries, cruise ships, off-shore supply vessels, cargo ships, dredgers, salvage ships and other types of stationary vessels.

Then there are some that are subject to a 10 year phase-out under this particular agreement, and those include different types of vessels and floating structures: tankers, icebreakers, small fishing vessels, drill ships, drilling platforms and production platforms. These are negotiated.

We also not only look at a long-term phase-out but we make it very clear to our domestic shipbuilding industry that we are there for them and with them in a very broad way in terms of developing the framework. I would encourage the member to get back to the people he has mentioned—

The Deputy Speaker: Questions and comments, the hon. member for Sherbrooke.

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, I have a question for the minister. We began negotiations 10 years ago. Yet, in those 10 years, the government was not able to present an economic impact study in committee. In the report, the Bloc Québécois said that the Canadian government must, without delay, implement an aggressive maritime policy to support the shipbuilding industry, while ensuring that any such strategy is in conformity with Canada's commitments at the WTO.

We know that after a three-year waiting period, there is a decrease in tariffs spread over 10 years. However, what is the government's plan to put Canada in a good position when it comes to the shipbuilding industry?

We know that Norway benefited from subsidies for many years and that it of course developed its construction expertise and performance, as well as its strong competitiveness. If the government does not want the shipbuilding industry to be ignored, it must intervene to create a maritime policy, while tariffs are decreasing, so that Canada will be competitive after that period.

• (1125)

Hon. Stockwell Day: Mr. Speaker, I appreciate my colleague's questions.

We are pursuing a strategy with Norway. We now have a commitment from officials in Norway that they will announce any subsidies to their shipbuilding industry. And we will pay careful attention to ensure that they are keeping their promises.

As well, we have done something for Quebec's shipbuilding industry. Two months ago, I announced that we would give Davie shipyards—a large industry that employs close to 3,000 people—and we increased—

[*English*]

The Deputy Speaker: Order. Unfortunately, the minister's time has expired for questions and comments. We will move on to resuming debate. The hon. member for Kings—Hants.

Hon. Scott Brison (Kings—Hants, Lib.): Mr. Speaker, I thank the minister for introducing this legislation in the House this morning.

I just returned, as did the minister, from the world economic forum in Davos, Switzerland, which is notable because it was a year ago at the world economic forum in Davos that the then minister of international trade signed the EFTA agreement.

I was at the world economic forum last year and this year, and what a difference a year makes. A year ago, everyone was talking about their optimism about continued global economic growth. Former U.S. treasury secretary John Snow was chiding Larry Summers, another former U.S. secretary, for his lack of optimism and faith in the U.S. economy to recover and to continue to grow. John Thain last year was the new CEO of Merrill Lynch, and he was the centre of very positive attention at last year's world economic forum. This year, he recently was subpoenaed.

The fact is that things have changed dramatically in terms of the global economic situation, which is one of the reasons why we as parliamentarians have a responsibility, at the committee level, to ensure due diligence as we are evaluating these types of agreements in terms of making sense for Canada.

We believe very strongly that particularly during a time of economic downturn, we have to avoid protectionist sentiment, particularly if we look at the degree to which we as a country rely and depend upon, disproportionately, the U.S. economy. During a global economic downturn, which is largely caused by the downturn in the U.S., it makes the case for diversifying our trading relationship.

We understand that. The Liberal Party is a party that believes very strongly in freer trade relationships and building freer trade. We are very concerned about what we heard at the Davos conference over the weekend. Last year it was all optimism, growth, excitement and trade liberalization. This year we heard about pessimism, recession, depression from some people, fear and protectionism.

Some of the comments I heard from U.S. legislators concerned me. There was a session on Saturday called the fight against protectionism. At that session I heard U.S. congressman Brian Baird defend the recent protectionist measures in President Obama's new stimulus package that is being debated and amended by Congress as it moves forward. He was defending those protectionist measures as making sense for the U.S. and in fact being fair and legitimate.

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That raises a real concern for us. Not only do we need to diversify our trading relationship but we also have to ensure that we are making every representation we possibly can to the trade people within the Obama administration, as well as bilaterally between Canadian parliamentarians and our counterparts in the U.S., both at the congressional and senatorial levels, to ensure that we are making the case as to why protectionist measures from the U.S. against other countries can target Canada and in fact create an unintentional consequence of taking a global downturn and making it far worse.

This was of course the case back in the 1930s with the Smoot-Hawley tariff act, which took a downturn and created a long-term depression because the Americans brought in protectionist measures and other countries retaliated. At a time when we have to encourage more trade between our countries in this global hypercompetitive economy, we actually put up barriers in the 1930s that created a major depression.

We understand the need to move forward, to diversify our trading relationships, to ensure that Canadians can compete and succeed globally and that we have access to markets where we can sell our goods produced here by Canadians. It is going to be critically important in the coming weeks to make effective representations to the Obama administration and to the U.S. Congress as to why Canadian goods and services have to be exempted from U.S. protectionist measures, and perhaps even more importantly and more broadly, why these protectionist measures have a pernicious effect on global trade and as such probably do not make sense in any case. However, if the Americans will not move on some of those measures, we have to seek Canadian exemptions.

• (1130)

I am starting off by talking about trade issues on a macro level and I am going to zero in on EFTA in a moment, but there is real concern that on some of these trade issues the government has not successfully diversified Canada's trade relationship.

Clearly one of the greatest opportunities for Canada in the 21st century lies in tapping into the tremendous market in China. China's economy will continue to grow this year by 6% to 7%. It represents one of Canada's most exciting and dynamic trade opportunities. It represents an economy that will grow even during this global downturn.

India's economy is growing by 6% to 7%. I note with interest that the Minister of International Trade was in India recently. He obviously recognizes the importance of that trade relationship.

However, on the China issue, the reason why the government has said it has not pursued deeper relations with China, and in fact has actually hurt the China relationship by taking every possible opportunity to poke its fingers in the eyes of the Chinese government, is based on trade. My point is that this has not stopped the government from pursuing a free trade relationship with Colombia. Over the weekend at the Davos conference, I spoke with Kenneth Roth, head of Human Rights Watch, who gave me substantive, important and irrefutable evidence as to continued human rights abuses in Colombia. We know this. It is well known.

The government has to be consistent. It cannot pick favourites in terms of trade policy. If we are not going to pursue deeper relations

with China, and if we in fact are going to destroy what was a very strong relationship with China on the trade and economic engagement side, then we have to be consistent. Our relationship with China goes back to Pierre Trudeau and Richard Nixon, who agreed on only one thing, engaging China, and they were right back then.

We have to be consistent and the fact is that the government has not been consistent. It has pursued an ideologically rigid perspective relative to China that has made no sense economically or on the basis of human rights. I would argue that our capacity to influence China on human rights is less now than it was three years ago when the Martin and Chrétien governments built a strong bilateral relationship with China, one that not only could augment our capacity to influence Chinese human rights but could also build tremendous prosperity and opportunity on the energy side.

That relationship could have given Canada the opportunity to become a global leader in clean energy and be China's clean energy partner. Today, not only have we destroyed that trading relationship, but it is at the point where we have also reduced and diminished our capacity to engage China on human rights issues.

Those are some of the issues. Trade policy has to be consistent. We have to be consistent in defending our national interests, our national economic interests, and our capacity to influence the world in terms of the kinds of values that we believe in as Canadians. Protecting our capacity to play a meaningful role in shaping a more peaceful and stable world where human rights are respected is critically important. Creating markets for Canadian goods and services, thereby enabling Canadians to compete and succeed globally, has to be part of our mandate in terms of the government's policies to build wealth and to shape a world where human rights are respected.

However, the government cannot pick favourites along ideological lines and achieve anything, because consistency is critical. The government has been inconsistent in terms of its approach to China and its approach to Colombia, which is absolutely opposite in terms of the approach to human rights. That is going to be an important debate to have in the coming days and weeks.

As we enter a time of significant economic turmoil, and as we see Canadian jobs being lost, we are going to have to be absolutely focused on ensuring that our industrial, trade and foreign policies are consistent and tenable. When we lose influence in the world in a place such as China, it can often mean that we will lose jobs here in Canada.

When I talk to Canadian business people who are doing business in places such as China, they say that they are seeing jobs, opportunities and deals lost because of the government's approach to China. That is going to be an important trade policy for Canada in the coming months. It is one in which we intend to engage Canadians.

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•(1135)

Multiculturalism is viewed as a social policy in Canada. In fact, multiculturalism can be an economic policy. If we can successfully harness the tremendous entrepreneurial capacity and leadership in our multicultural communities, we can build natural bridges to the fastest growing economies in the world, such as those of China and India.

We in the Liberal Party of Canada, the party of multiculturalism, the official opposition, intend to deepen our relationships with the Chinese Canadian and Indo Canadian business communities. We intend to work with them to restore the kinds of relationships that will protect and create Canadian jobs and opportunity and strengthen our capacity to address real human rights issues outside our borders.

At the same time, we will look at issues such as the free trade agreement in Colombia. We intend on holding the government to account and want it to be as assiduous in its focus on human rights in Colombia as it seems to have tried to be in China. We want consistency on that.

Times have changed. The tone in the World Economic Forum over the weekend could not have been more different from what it was last year.

If this bill gets to the committee stage, we intend, and I am certain the government agrees, to ensure that Canadian interests are protected and to evaluate this bill, legislation and trade agreement in terms of what makes sense for the Canadian economy today.

There are some real concerns that have been raised by the shipbuilding industry. We take those concerns very seriously. The fact is that the Norwegians have subsidized their shipping industry for 30 years. During that time, they used protectionist mechanisms to avoid foreign competition against their shipbuilding industry. Those subsidies went to upgrading the Norwegian shipyards, giving the Norwegian industry a tremendous advantage.

The Canadian industry has benefited from a tariff system that has at least levelled the playing field for a period. We have to make sure that Canadian shipbuilding industry is not put at risk or imperilled unnecessarily by this legislation, this trade agreement.

We need a comprehensive shipbuilding policy in this country, one that actually helps build a world-class shipbuilding industry that can compete and succeed. We can do a number of things in terms of our industrial strategy and policy to help make this happen. As the government deals with the EFTA, I think it also has to ensure that some of these industrial policy issues are addressed, and we as the official opposition will hold the government to account on that.

For instance, the Liberal government introduced a structured financing facility program. This program helps buyers to purchase ships built in Canada by buying down the interest rate of the loan used to finance the purchase. The cost of the program was about \$50 million a year and made a huge difference in terms of the capacity of buyers to buy Canadian ships. We need to ensure that this policy is meeting the needs of the Canadian shipbuilding industry today and potentially go further.

We need to ensure that our government procurement policy in terms of defence, coast guard and what we buy as a government does

invest in Canadian industries and protect and create Canadian jobs. I think that is extremely important in these areas when one is talking about procurement around strategic industries such as defence, as well as on the aerospace side.

We believe very strongly in free trade and in respecting the principles of our trade agreements. Our trading partners often believe in the principles of freer trade as well, but the difference between the way our trading partners deal with their trade agreements and the way we deal with our trade agreements is that with government procurement and other approaches our trading partners go right up to the line and do everything they can to protect their domestic industry, stopping short of violating the agreements. Canada sometimes behaves a little bit like a boy scout on the trade scene by failing to actually have a procurement policy for our own departments and agencies, such as coast guard and defence, that actually helps protect and create Canadian jobs and opportunities.

•(1140)

We have to be consistent in that we do not let protectionism disable Canadian companies from achieving contracts internationally and hurting the whole principle of national treatment upon which our trade agreements are based. At the same time, I think it is absolutely fair to say that Canadian governments, and this Canadian government, are not doing enough to create industrial benefits here in Canada. We have heard from the aerospace industry and the defence industry that other countries, other governments, do a lot more.

In fact, that is a validator. If they are shipbuilders, defence industry players or aerospace industry players, part of the credibility they need to sell their goods internationally is to validate their goods based on whether or not their own governments are buying them. We have to ensure that our procurement policy is organized in such a way that it does not go so far as to violate the principles of our trade agreements, the letter or the law of our trade agreements, but also ensures we are not being naive.

We can sit in the House of Commons and pontificate about Adam Smith, but that does not do much to protect jobs if somebody from another country with which we have a trade agreement is eating our lunch. We have to be pragmatic as well as principled. It is a fine line, but it takes judgment and it takes a focus on Canada being a trading nation that has its eye on the world. As a small export-driven nation we need to sign trade agreements, but at the same time we need to ensure that we do not expose our domestic companies to unfair foreign competition.

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That is why, when this bill gets to committee, we in the Liberal Party, the official opposition, intend to take our responsibility seriously, and I would hope legislators in the Conservative Party will as well, and ensure that we review this trade agreement in terms of ensuring that it meets the litmus test of defending Canadian jobs and at the same time is in the Canadian national interest at this time.

There are some other areas aside from procurement and the structured financing facility. There is the capital cost allowance issue and ensuring that we have the kind of writeoff of the cost to purchase Canadian vessels which will ensure that we are competitive with other countries. We have heard, for instance, that in the U.S. there are some advantages in terms of capital cost allowance and the writeoff or depreciation of vessels built there. We have to ensure that we are competitive and take every possible measure.

Another area is a procurement policy that makes sense for the Canadian shipbuilding industry and for protecting and creating Canadian jobs in shipbuilding. Also, there is the structured financing facility to ensure that this is effective. Furthermore, there are the capital cost allowance and depreciation issues. Those are the kinds of things we need to see as part of an industrial strategy around shipbuilding and will make it easier for us to say that this agreement is in fact in the interests of Canada.

There are certainly opportunities for Canada in terms of the EFTA agreement. In fact, we have a lot in common with these trading partners. We have the capacity to deepen our trade relationships and at the same time diversify our trading relationships. As I mentioned earlier, it is important that we become less dependent on purely U.S. trade, whether it is with Iceland, Liechtenstein, Norway or Switzerland. These are countries with which we share a great deal in terms of our values and our economic and political systems. Clearly, there are opportunities for us.

We need to see some of the concerns addressed, particularly around shipbuilding and the offshore industry. I see the parliamentary secretary, who is a colleague of mine from Nova Scotia. He has worked in the offshore industry. He knows that jobs are created when the offshore industry progresses. We want to see those industries protected, whether they are in Halifax or other parts of Canada.

There are opportunities on the positive side in terms of this trade agreement. Clearly, the port of Halifax, as an example, is facing huge challenges now. Deepening our trading relationship with European countries can help create opportunities as we see more trade going through the port of Halifax and other Atlantic Canadian ports.

• (1145)

The Atlantic gateway is a project in which we believe in investing in the infrastructure and in the capacity for us to ship our goods and to receive goods from around the world. It is important for Atlantic Canada, for western Canada, for all the ports in Canada and also for intermodal ports. There are all kinds of opportunities. We need to see the concerns addressed.

Mr. Gerald Keddy (Parliamentary Secretary to the Minister of International Trade, CPC): Mr. Speaker, I appreciate the comments on EFTA by my colleague from Kings—Hants. I congratulate him on his new appointment as critic for international trade.

I will try to go through the couple of points I have fairly quickly because a number of members want to ask questions.

First, the member for Kings—Hants was talking about his support for free trade in general and the fact that he was urging the government to get on with more free trade agreements. Of course, he would be aware that part of the challenge before the government is that there have been no free trade agreements signed since 2001. The previous government signed agreements with Costa Rica, Chile and Israel and did not sign any after that, whereas we have signed agreements with Peru, Colombia and EFTA. Jordan has been initialized. We are working on the CA-4, that is, Guatemala, El Salvador, Nicaragua and Honduras, as well as Panama, Korea, the CARICOM nations, and Singapore. We are in exploratory talks with the European Union and with India.

On the issue of EFTA and procurement, the member is well aware that procurement has been set aside. The Canadian government has already ensured that all military vessels, all major contracts from the government, will be procured within Canada. Of course, the structural financing, the \$50 million, has been put back in place. This was put in place originally by the former government. We have renewed that.

Turning directly to Canada, there are a couple of points. This agreement is worth a tremendous amount of money: \$125 million to Atlantic Canada, nearly \$500 million to Quebec, \$4.5 billion to Ontario, \$173 million—

The Deputy Speaker: Order. The hon. member for Kings—Hants.

Hon. Scott Brison: Mr. Speaker, I was certain my colleague and friend would have had a question if you had just let him go a little longer.

I appreciate his comments. He and I both represent ridings in Nova Scotia, so we share an interest in what is good for our region, what is good for our country. It will be critically important that at the committee level we hear from those people who believe that this is in the interests of Canada and why, and which sectors benefit from EFTA.

The hon. member mentioned specifically our region and what would be the gains for our region, what would be the gains to Quebec, but we also have perhaps an even greater responsibility to hear from those who believe absolutely that this will not be good for their industries.

We have to understand what ameliorative steps we can take as government in terms of other areas of government procurement, industrial strategy and other areas, where we can address those concerns. Whether it is in Saint John, Halifax, British Columbia, parts of Quebec or Newfoundland, there are shipbuilding workers who are tremendously concerned about this agreement.

At committee it will be critically important that we work together, and we perform our due diligence to ensure that across Canada this, at the end of the day, is better on a macro level—

Government Orders

•(1150)

The Deputy Speaker: Questions and comments, the hon. member for Burnaby—New Westminster.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, I welcome the new critic from the Liberal Party to the Standing Committee on International Trade. I look forward to working with him on issues around jobs and protecting Canadians.

We know that the current government is the most protectionist in history, but it protects corporate CEOs and bankers. It has no fear to wade in, but when it comes to protecting ordinary Canadian jobs, it refuses to do anything and refuses to act. As we see with the EFTA agreement, it will be targeting and eliminating potentially thousands of jobs in shipbuilding, as it did with softwood.

Marine workers from the member's province of Nova Scotia have said very clearly that the EFTA agreement is a matter of concern. I will cite one line from Les Holloway, representing marine workers in Nova Scotia, who asked the standing committee, "How, in good judgment and conscience can your committee recommend anything other than that this agreement should not go forward?"

Given that marine workers have said that this will be devastating, given that we have had testimony from other parties saying that this will be devastating, is the member prepared to engage his party to vote no on the EFTA agreement?

Hon. Scott Brison: Mr. Speaker, the hon. member will understand that I am new to the trade critic responsibility and as such, I think it is particularly important that I be immersed in all of the facts. That is why it is important that this does get to committee such that as a responsible legislator I hear from some of the people he has spoken of, and others, some of whom will view this as being a positive step in terms of trade. However, there is a difference, I have to say, between the New Democratic Party's position on liberalizing trade and the Liberal Party's position when it comes to this.

I heard the other day in the House of Commons members of the New Democratic Party raise the issue that the protectionist measures in the U.S. Congress in President Obama's stimulus package aimed at other countries particularly could have a deleterious effect on Canada. They demanded that the government put in place its own protectionist measures to counter that. I have to disagree with that approach. I think that is exactly what happened in the early 1930s when the Smoot-Hawley bill in the U.S. led to other types of measures. We do not want to get into a protectionist war where we see countries around the world putting up protectionist measures in response to other countries' protectionist measures. We have to let calmer minds and good sense prevail.

[*Translation*]

Mr. Guy André (Berthier—Maskinongé, BQ): Mr. Speaker, my colleague talked about some of the concerns expressed by people and businesses regarding this free trade agreement. Shipbuilders are obviously among those who have expressed their concerns. At present, imported vessels are subject to a 25% tariff. Under the agreement, these tariffs will gradually decrease over three years and will be completely eliminated in 15 years.

I used to sit on the Standing Committee on International Trade and we had moved a motion calling on the government to invest in and

support the shipbuilding industry. This morning, my hon. colleague from Sherbrooke asked the minister a question about that and the minister's answer was somewhat evasive. Norway has made massive investments to support its industry and the Conservative government does not seem willing to make similar efforts here. This could have disastrous consequences for Quebec and the rest of Canada.

I would like to know my colleague's thoughts on this.

•(1155)

Hon. Scott Brison: Mr. Speaker, I very much appreciate my hon. colleague's question. Clearly, fears have been raised regarding the very negative effect this could have on our shipbuilding industry. As we all know, the Norwegian government substantially subsidized this sector in the past, and this had a very negative impact on our industry. At the same time, it is very important that this bill be discussed in committee. For example, the Minister of Industry should be there to respond to questions, specifically, to determine if an industrial strategy could be established—

[*English*]

The Deputy Speaker: Order. If I stop the hon. member for Kings—Hants there, I can allow one more brief question or comment.

The hon. member for Don Valley East.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Mr. Speaker, I would like to thank the hon. member for his thoughtful and pragmatic approach to this issue. We have to understand that in a global competitive world we cannot compete with the likes of China and India for the low end consumer goods but that we have to be in a value-added situation. My constituents of Don Valley East have demanded that we protect those value-added jobs.

Shipbuilding is one area which has value-added jobs. I would like to ask my hon. colleague for his opinion as to what aspects of the EFTA need to be manoeuvred or realigned so that the shipbuilders will feel comfortable.

Hon. Scott Brison: Mr. Speaker, clearly, I think it goes beyond simply trade policy. We need to review the industrial strategy around our shipbuilding policy. We need to ensure that whether it is through procurement, a strengthened structured financing vehicle or accelerated capital cost allowance, there are measures we can take to strengthen the competitiveness of our shipbuilding industry. At committee we are going to be able to have that discussion. In fact, I believe a joint discussion with the industry committee on this issue may make a lot of sense as well.

Government Orders

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, it is my pleasure today to address the House during this debate on Bill C-2. For those who have not necessarily had the pleasure of learning about this bill in detail, I just want to say that it calls for the implementation of the Free Trade Agreement between Canada and the States of the European Free Trade Association. The association, EFTA, is made up of four European countries—Switzerland, Norway, Iceland and Liechtenstein—with a little over 12 million inhabitants, all told.

I should point out that the European Free Trade Association once included nine countries, but has lost members over the years. To compensate for those losses, the four members of the European Free Trade Association have undertaken to sign a series of free trade agreements, including this one with Canada. Earlier, the minister mentioned that he has been trying to speed up negotiations on all kinds of bilateral free trade agreements. Typically, multilateral agreements of the type with which we are all familiar are preferred. The WTO oversees all trade agreements.

Now, some 200 countries around the world are trying to negotiate bilateral free trade agreements at a more frenzied pace than ever. It also looks like the government is in a hurry to finalize the free trade agreement with Colombia. As we all know, committee debates have focused on human, workers', union and environmental rights. That is why the opposition will not accept this agreement. We also know that the new President of the United States does not support the free trade agreement with Colombia. I am not sure how the minister and the new government want to approach this debate. Many free trade agreements are currently being negotiated, but we still have to be careful about what we agree to in the end.

This is not an agreement that was hastily put together. On the contrary; negotiations began in May 1998, over 10 years ago. We know that in the fall of 2000, governments agreed on a first draft. Because it opened up the ship markets too quickly, it threatened our shipyards. Only the economic sector feels directly threatened by this agreement. As a result of new negotiations, implementation will be staggered over several years, up to 15 depending on the type of vessel. Although it is not thrilled, the association representing shipbuilders is resigned to accepting the agreement but is asking for an aggressive shipyard modernization program before the elimination of tariffs.

I asked the minister that question earlier, but he did not answer. I wanted to know what exactly he intends to do to make up for all the years and money invested in the shipbuilding industry in Norway, which was heavily subsidized in order to develop its competitiveness and expertise. The minister simply stated that he would ensure that it would not reoccur and that there would be no more subsidies. That is not what I wanted to know. I wanted to know what Canada will do to ensure that the shipbuilding industry can also benefit from certain programs that will result, by the time tariffs are removed, in a competitive situation. We were not given an answer.

The free trade agreement between Canada and EFTA is a traditional free trade agreement. Once implemented, it will liberalize trade of all non-agricultural goods.

● (1200)

It concerns only non-agricultural goods, not services, agriculture or investment. Of course, it provides for a dispute resolution mechanism that the parties, and only the parties, can use.

Another provision of this agreement has to do with anticipated economic impacts. In committee, opposition members have often asked the government to conduct an economic impact study in order to make projections and determine what will happen and what the impact will be on various sectors, such as agriculture, manufacturing and other specific areas. It has never carried out a single study, even though it has had 10 years to do so. Even the website for some countries in the European Free Trade Association is not up to date, because information is missing. How could the government have produced an economic impact study on this agreement? It must be condemned. It is always the same thing: the government never provides us with an economic impact study. We had to make do with drawing conclusions from a few general observations.

Needless to say, the goal of the Bloc Québécois is to work for the interests of Quebec, and we are going to keep on doing that as long as we are here. Logically, Quebec stands to benefit the most from this agreement. Canada's main exports to these three countries all come from Quebec. It follows that lifting the trade barrier should also benefit Quebec.

In addition, in high-tech sectors, Quebec's economy is strong in areas where these countries are also active, which should promote investment in Quebec. Take the example of Switzerland, which has a very vigorous pharmaceutical industry producing brand-name drugs. Prescription drugs account for 40% of Canadian exports to Switzerland and 50% of imports. To break into the American market, Swiss pharmaceutical companies might think about manufacturing drugs here, and the mecca of brand-name drugs, with its pool of skilled researchers and advantageous tax rules, is Quebec. A free trade agreement to facilitate trade between a corporation and its subsidiaries would likely bring new investments in the pharmaceutical industry in Quebec.

Nickel accounts for over 80% of our exports to Norway. The biggest mine in Canada and third largest in the world is in Quebec's Ungava region. It is owned by the Swiss company Xstrata. Our leading export to Iceland is aluminum. There again, production is concentrated in Quebec. Basically, subject to the implementation of an aggressive policy to support and modernize shipyards, Quebec should benefit from this agreement.

When we presented our supplementary opinion to the report from the Standing Committee on International Trade, there were two issues that directly affected us: protection of supply management and shipbuilding. Now I would like to talk about protecting supply management.

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Obviously, Bill C-2 also touches on agriculture. It allows for the implementation of bilateral agricultural agreements, which would be added to the free trade agreement with the EFTA. These agreements are not far-reaching and will not have a significant impact on Quebec agriculture. Of the three agricultural agreements, the agreement with Switzerland in particular caught our attention because it abolished the 7% tariff on dairy products imported from Switzerland. Currently, 5% of the Canadian dairy product market is open to foreign competition. The 7% tariff was levied only on the imports that were part of this unprotected segment of the market to which our producers do not really have access.

• (1205)

Since the elimination of the within-quota tariff provided for in the agricultural agreement with Switzerland will affect only the market segment that is already covered by imports, the impact on our dairy producers will be negligible. However, this will make it all the more important to vigorously defend supply management at the WTO. A quota increase coupled with the elimination of the within-quota tariff would expose our dairy farmers to increased competition from countries that, unlike Canada, subsidize their dairy production.

The House of Commons unanimously adopted the Bloc Québécois motion calling on the government to reject any reduction in the over-quota tariff and any quota increase. Given the elimination of the 7% tariff in the current agreement, it is imperative that the government maintain a firm position at the WTO: supply management is absolutely not negotiable. In fact, in our opinion, a weakening of supply management would justify the renegotiation of the agricultural agreement with Switzerland.

I should also point out that modified milk proteins—which Switzerland produces—are transformed to such an extent that the courts have ruled that they are not agricultural products. That means that they are not covered by agricultural agreements. That being said, one of the appendixes in the bill to implement the agreement has been completely excluded. Milk proteins are excluded from the agreement, and the tariff quotas and over-quota tariffs remain unchanged. In other words, products that are under supply management are still protected. In fact, it is mainly the west that will benefit from the agricultural agreements because they provide for freer trade in certain grains, but the impact will not be significant because these countries are not heavily populated. The message is clear: supply management must be vigorously defended at the WTO.

The second aspect that directly affects us is shipyards. We have some concerns about the future of our shipyards. At present, imported vessels are subject to a 25% tariff. Under the agreement, these tariffs will start gradually decreasing in three years and will be completely eliminated in 15 years. However, our shipyards are far less modern and in much worse condition than Norwegian shipyards. Norway has made massive investments in modernizing its shipyards, whereas the federal government has completed abandoned ours. If our borders were opened wide tomorrow morning, our shipyards would likely disappear. But for economic, strategic and environmental reasons, we cannot let our shipyards disappear.

Imagine the risks to Quebec if no shipyard could repair vessels that ran aground or broke down in the St. Lawrence, the world's foremost waterway. For years, the Bloc Québécois has been calling

for a real marine policy, and for years the government has been dragging its feet. Now that the agreement has been signed, time is of the essence. A policy to support our shipyards is urgently needed.

Moreover, this is the only recommendation in the report of the Standing Committee on International Trade on the free trade agreement between Canada and the European Free Trade Association. The committee agreed to insert the recommendation proposed by the Bloc Québécois international trade critic—incidentally, that was me, at the time—and of course the deputy critic, who is sitting behind me.

It reads as follows, “The Canadian government must without delay implement an aggressive maritime policy to support the industry, while ensuring that any such strategy is in conformity with Canada's commitments at the WTO”. That is the only recommendation made in the report, and the government must fully implement it.

• (1210)

The Conservative policy of leaving companies to fend for themselves could be disastrous for shipyards. We expect the government to give up its bad policy, and we call on it to table, as quickly as possible, a real policy to support and develop the shipbuilding industry.

When they appeared before the committee, shipyard representatives stated that two measures should be given priority: allowing accumulated depreciation to be transferred to buyers of Canadian ships and putting in place a structured financing mechanism. These simple measures—at the very least—could be adopted immediately. However, there are other measures that should be added.

In conclusion, I would like to say that it is, indeed, a free trade agreement. Bilateral free trade agreements are proliferating. We continue to be convinced that multilateral agreements should be signed as often as possible.

The agreement we are discussing involves four small countries. It is a very positive agreement but we must realize that it is also very limited. Together, these four countries represent approximately 12 million people and about 1% of Canada's exports. The real opportunity lies with the European Union. With a population of 495 million people, generating 31% of global GDP, the European Union is the global economic powerhouse. Canada is far too dependent on the United States, which has accounts for more than 85% of our exports.

The American economic slowdown, coupled with the surge in value of Canada's petrodollar against the U.S. dollar, reminds us that this dependence undermines our economy. Quebec has lost more than 150,000 manufacturing jobs in the past five years, including more than 80,000 since the Conservatives came to power, with their laissez-faire doctrine. To diversify as we must do, we should not look to China or India, countries from which we import, respectively, eight and six times more than we export to them. The European Union is an essential trading partner if we want to diversify our markets and reduce our dependence on the United States.

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What is more, the fact that Canada has not signed a free trade agreement with the European Union considerably diminishes how competitive our companies are on the European market. With the recent rise in value of the petrodollar, European companies have tended to skip over Canada and open subsidiaries directly in the United States. Canada's share of direct European investments in North America went from 3% in 1992 to 1% in 2004. Add to that the fact that the European Union and Mexico have had a free trade agreement since 2000. Consequently, if a Canadian company is doing business in Mexico, it is in that company's best interest to relocate more of its production to Mexico because it can access both the European and U.S. markets, which it cannot do if it keeps its production in Quebec. Bombardier is a case in point.

Overall, this free trade agreement with the European Free Trade Association is good for Quebec. But as I have said and will keep on saying, it is better to promote multilateral agreements, where the rules apply to everyone. Important considerations such as human rights, union rights and environmental rights are sometimes left out of bilateral agreements. It is not true in this case, but it has happened in other agreements. I am more and more convinced that multilateral agreements should include social and environmental clauses. That is the direction we need to take.

●(1215)

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, I would like to welcome my colleague, the Bloc Québécois international trade critic and member for Sherbrooke, and I would also like to wish him a happy new year. I was very interested in his speech—which is always the case with his speeches. I understand that the Bloc Québécois is ready to vote in favour of this agreement. I would like to ask the member a question about this.

As we know, the Davie Yards in Lévis recently shut down. Not long ago, in the business section of *Le Devoir*, the union president, Paul-André Brulotte, said that he did not know when the 1,100 workers who were temporarily laid off in December would return to work. During an interview he said that could not give a date for their return.

There is an economic crisis in the Quebec City area and then there is the closure of the Davie Yards. According to testimony from many people who appeared before the Standing Committee on International Trade, we know full well that this agreement will destroy shipbuilding in Canada.

My question is very simple: When it faces these facts and the 1,100 Quebecers who lost their jobs in December, why is the Bloc Québécois willing to support this agreement?

It must be said—we saw this last year—that the Bloc Québécois voted in favour of the softwood lumber agreement, an agreement which killed thousands and thousands of jobs in Quebec. I understand what my colleague said, but I do not understand the result.

If he has serious concerns about this agreement, as we in the NDP do, why would the Bloc Québécois not vote against this agreement that cannot be amended in committee or in the House because it is a matter of confidence, as the member well knows?

●(1220)

Mr. Serge Cardin: Mr. Speaker, having worked with my hon. colleague at the Standing Committee on International Trade, I know that he usually uses the softwood lumber argument and often reminds us about that.

We have tried to explain to him that, with respect to the softwood lumber issue, the entire industry—business owners and unions alike—asked us to support that agreement. The Bloc Québécois protects Quebec's interests, of course, but we also respond to the demands of all Quebec stakeholders when they ask us to do a certain thing. We could have asked the federal government to go further, and that is what we did. We brought forward all of these demands, whether possible or impossible, but, above all, we advocated for what the people of Quebec wanted with respect to softwood lumber.

Now he wants to talk about shipyards. The reason the negotiations took 10 years is that the shipbuilding industry wanted to extend the tariff phase-out period because the industry was against the agreement in that context. After negotiations, that period was extended, but with the conditions we established and the demands we have been making for a long time with respect to funding and the development of a real maritime policy for Quebec and Canada.

The demands are on the table and, as shipbuilding industry representatives expressed clearly from the beginning, they were against it, but they consented to an agreement to phase out tariffs over a period of 15 years. We expect the government to respond to these demands by using every possible strategy, including those articulated by the industry.

[*English*]

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, in the coming budget there is \$175 million for new vessels and repairs. That number includes 60 new small craft, 30 new barges, 5 lifeboats, 2 inshore science vessels and 35 refits.

In the budget the government says, “work will be conducted in Canada”, and the parliamentary secretary confirmed that statement this morning.

How can that be guaranteed if we sign an agreement such as this one? On top of that, there are 10 times more in expenditures. That is only \$175 million, but there are billions in northern patrol boats. There were going to be ice-strengthened supply ships, but they seem to have been cancelled for now. The Prime Minister promised three icebreakers, two of which have now been cancelled.

We are talking about billions of dollars. I am wondering how that will be conducted in Canada, which they have guaranteed will be the case, if we sign such an agreement.

[*Translation*]

Mr. Serge Cardin: Mr. Speaker, the Conservative Party probably could have asked me the same question when the Liberal Party was in power.

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Unfortunately, that is what is happening. There is no way to know for sure. However, when it comes to government procurement, under this agreement, the government remains completely free to give preference to domestic procurement, subject to the WTO agreement on public procurement.

I think the member was referring to what was written on page 172 of the government's economic action plan, which indicates that the government is investing \$175 million—on a cash basis. It had to specify in order to demonstrate its commitment, which means that the money will finally be paid out. Sometimes, quite often even, we hear good intentions and lofty verbal promises, but the money is not always forthcoming.

In this case, regarding the prospect that the government will favour domestic procurement, we can only hope that it will honour its commitment to invest \$175 million. If it does not do so in the near future, I urge the Liberals to stand up to defend the marine industry, that is, the shipping and shipbuilding industry. In such a case, I would encourage them to vote with Quebeckers, and probably the NDP, to ensure that the government respects its commitment and that it does more to develop the shipbuilding industry.

• (1225)

Mr. Yves Lessard (Chambly—Borduas, BQ): Mr. Speaker, I would first like to congratulate my hon. colleague from Sherbrooke for his speech, which clearly states our position.

A distinction must be made concerning the entire issue of supply management in reference to agricultural production. My colleague touched on this, but I would like him to go over it again briefly, in order to clearly explain why a distinction must be made between such open markets and the protection of supply management as we now know it.

Mr. Serge Cardin: Mr. Speaker, some tariffs will disappear, but they do not really have any impact in terms of increasing imports. A real quota has been set, and there will be no increase in agricultural production. Only about 5% of agricultural imports are affected. The tariff applied to this 5%. Overall, there will be no impact.

That is why I have insisted that supply management be maintained. Maintaining and safeguarding supply management will require that this government take a firm stand. Overall, the impact on the agri-food industry is currently so minimal that the Bloc Québécois will support this free trade agreement.

[*English*]

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, I am pleased to rise on Bill C-2, which is the Canada-EFTA trade agreement but could also be entitled the “bamboozled by Liechtenstein act”, because here again we have a Conservative government that, as we saw with the softwood sellout and as we have seen in every single negotiation that it has undertaken, basically sat down at the table and was outplayed, outnegotiated and bamboozled, in this case by the Principality of Liechtenstein and the other members of EFTA.

What EFTA wanted access to our shipbuilding industry. As members know, Iceland and particularly Norway have an extremely strong industrial sector in shipbuilding. The Norwegian government

has invested and protected its shipbuilding industry for many years and has built up an extremely strong shipbuilding industry.

They sat down at the table, and the Conservative government, which was outplayed and outnegotiated, basically handed over our shipbuilding industry without attaining much more than the ideological platitudes we heard from the Minister of International Trade just a few short minutes ago. The government simply handed it over in the same way that it did in the softwood sellout, when it handed over a softwood industry without being the tough negotiator that I think the vast majority of Canadians would have wanted it to be.

Essentially what we have seen from the government is a steady drumbeat of wanting to sign trade agreements at whatever cost. In this end of the House the NDP stretches right across the aisle, because after the last election and the increase in NDP MPs we now occupy the whole end of this House. We decided to look at what is actually in the agreement. Before we decided to support it or not, we wanted to see what the actual impact of EFTA would be.

I am going to read into the record what those who best know the shipbuilding industry in Canada have had to say about this agreement. I am going to start with Mr. Andrew McArthur, who, as a member of the board of directors of the Shipbuilding Association of Canada, appeared before the Standing Committee on International Trade on this agreement and on this bill. Here is what he said about the negotiations around this agreement:

From day one, we said the Norwegian industry has been totally supported by its government to build up a tremendous infrastructure. It is a good industry with a lot of government help, and now they're looking to see what else they can do.

So our position from day one has been that shipbuilding should be carved out from the trade agreement.

We know that did not happen.

He continues:

We butted our heads against a brick wall for quite a number of years on that and we were told there is no carve-out.

We were bamboozled by Liechtenstein.

When asked how the Americans can carve out on the Jones act from NAFTA and other free trade agreements, as I believe the Americans are doing today or have done in carving out shipbuilding with Korea, and why Canada can not do the same, he continues:

...we feel we were sold down the river on NAFTA. We cannot build for American shipowners, but American shipbuilders can build for Canadian shipowners and import the ships into Canada duty-free. There has never been such a one-sided agreement, to my knowledge. It's totally ludicrous that they can build for Canadian owners, come in duty-free, and we cannot build for American owners. On the repair side, it is even worse. We used to be able to do some repairs for American Jones Act ships. Today it's very, very difficult. There are a lot of restrictions, and that work has basically disappeared.

Those were comments from Andrew McArthur of the Shipbuilding Association of Canada.

What did the marine workers say about this bill? We had Mr. Karl Risser, representing eastern marine workers, who said the following:

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Other governments, Norway for one, have supported their shipbuilding industry for years and have built them into powers, while Canada has not. We have had little protection, and what little protection we have left is a 25% tariff on imported vessels into Canada, which is being washed away by government daily through agreements such as this and the exemptions being negotiated with companies.

● (1230)

I encourage all members of the House to read the testimony before the Standing Committee of International Trade. We cannot just have Conservatives simply approving government actions by rote when it means the elimination of Canadian jobs, many of which are actually in the ridings held by Conservative members. They will not read the agreement. They will not look at the impacts. There has been no economic impact analysis of this agreement. How any Conservative member could sell out their own constituents by voting for this agreement is beyond me.

Karl Risser continues:

With all these statements, you'd think the government's action would be to put into place national strategies to ensure a viable shipbuilding industry, but we have seen no sign of that. What we have seen is the EFTA agreement, which we feel will further devastate the shipbuilding industry.

He continues:

But to get back to this agreement, the Norwegians have built their industry into a very powerful industry.

So this EFTA deal is a bad deal for Canada. I'd love to see someone answer the question, what is Canada going to get out of this agreement? I know we're going to destroy our shipbuilding industry, a multi-billion-dollar industry in Canada. It's on its last legs now and needs a real boost. We have that opportunity in front of us, but whether we take it or not is the question.

I am going to continue on this because I think it is important that these voices, people who understand the shipbuilding industry, who are raising these concerns, are heard in the House of Commons and the members vote accordingly. We have heard the Liberals and Bloc say they are going to vote for this agreement. Beyond my comprehension, the Bloc is voting despite the fact that Davie Shipyard has completely shut down. Over 1,000 workers out of work, and yet we are playing with fire in trying to push through an agreement that witness after witness said very clearly will devastate the industry.

Les Holloway, representing marine workers in eastern Canada and referring to the Standing Committee of International Trade, said, "How in good judgment and conscience can your committee recommend anything other than that this agreement should not go forward?"

The president of the Shipyard General Workers' Federation of British Columbia, Mr. George MacPherson, said:

The Canadian shipbuilding industry is already operating at about one-third of its capacity. Canadian demand for ships over the next 15 years is estimated to be worth \$9 billion in Canadian jobs. Under the FTAs with Norway, Iceland, and now planned with Korea and then Japan, these Canadian shipbuilding jobs are in serious jeopardy. In these terms, this government's plan is sheer folly and an outrage.

How could any B.C. MP, especially after the softwood sell-out, vote to eliminate shipbuilding jobs in British Columbia? How could any Nova Scotian or Atlantic Canadian MP vote to eliminate jobs in Atlantic Canada? How could any Bloc Québécois MP vote to eliminate jobs in Quebec?

In *The Chronicle-Herald*, Mary Keith, the spokesperson for shipbuilding in New Brunswick, said that under the EFTA

agreement: "The government of Canada is continuing its 12-year history of sacrificing Canadian shipbuilding and ship operators in the establishment of free trade agreements with other nations".

Here we have case after case after case of those who know shipbuilding best saying that this is going to be disastrous. This is not some sort of ideological debate we are having because some of us in this House think that protectionism is bad and free trade is great so let us just sign an agreement and not worry about the consequences for Canadian jobs.

The Conservative government has finally admitted that we are in economic crisis, yet it adds this fuel to the fire and says we are going to slap our own shipbuilding industry. It is a strategic industry that every other government in the world, including Norwegian, Asian and European governments, is actually supporting, yet three of the four parties in this House seemed prepared to sell it out and throw those jobs away.

● (1235)

We have by far the longest coastline in the world and to eliminate the last vestiges of our shipbuilding industry makes absolutely no sense. That is why the NDP caucus is saying no. It simply does not make sense to bring this agreement in when we have not provided the necessary supports to our shipbuilding industry. It makes absolutely no sense at all.

My colleague from Sackville—Eastern Shore will back me up on this. He will agree that our shipbuilding industry has to be of fundamental importance. We need a strategic plan in place. We should not be signing trade agreements that simply give our shipbuilding industry away. I know my colleague agrees with me and I appreciate that. That is why we are saying it makes no sense to put this forward. But there is more.

We also had testimony from the National Farmers Union before the Standing Committee on International Trade about the possible effect on supply management. Lip service has been paid to supply management. The Conservative government has said it is in favour of fighting hard for supply management. The infamous David Emerson, the former international trade minister, always said the government supports supply management and it will never walk away from the table. The Conservatives have said they support supply management. The National Farmers Union said in testimony that this essentially undermines our supply managed sector. That does not make a whole lot of sense either.

The arguments we have heard in favour seem to be ideological, so let us get back to the basic fundamental tenets of the economic policy, or the lack thereof, of the Conservative government.

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Since the Conservatives came to power we have seen them progressively sell off our country in a whole range of areas. First there was the softwood lumber sellout. We had won that case in the U.S. Court of International Trade. David Emerson, with the support of the Conservatives and Liberals, supported the softwood sellout that literally blew up our softwood industry across the country. Tens of thousands of jobs were lost within days of implementation because of the self-imposed punitive tariffs. We gave away \$1 billion that the American court said the American government had to pay back.

The Conservative government tried to say it was not a conclusive judgment, but it was. The Conservatives simply were not telling the truth by pretending that the court judgment was meaningless. That court judgment compelled the U.S. government to pay back every single cent it owed Canada and that court judgment also ensured tariff-free access in to the U.S. of our softwood products.

Politically, the Conservatives were in too deep. David Emerson decided to push the agreement through just the same, and the result was catastrophic. Many softwood communities in British Columbia, Alberta, Saskatchewan, Manitoba, northern Ontario, and northern Quebec have paid the price for what was sheer folly.

Warnings are now coming from many workers in the shipbuilding industry and many of the companies that are involved in shipbuilding saying, as I quoted George MacPherson, “—this government's plan is sheer folly and an outrage”.

We should have learned from the past mistakes. The softwood sellout was unparalleled folly. It was a sheer outrage and we should have learned from that. We cannot play with the jobs of Canadians simply on the basis of ideological direction. Essentially, the government has a strong ideological bent and come hell or high water, it will put that ideology into place no matter how many jobs are lost.

It is important to note that we are talking about the principles of maintaining Canadian jobs. It is important to look at the economic consequences of what the Conservative government has done, which has enacted exactly what the Liberals put into place over the last 20 years. It is important to ask the question: What has happened to average family incomes in Canada over the last 20 years?

We have had these free trade agreements when we have decided that we are opposed to protecting Canadian jobs, that is unless it involves the job of a corporate CEO or a banker and then of course the protectionist Conservative government is willing to weigh in with lots of money.

● (1240)

It will shovel money off the back of a truck to protect a corporate CEO's job and a corporate CEO's bonus, or a banker. It is willing to be fully protectionist. It is the most protectionist government in Canadian history. It is willing to do that for the big guys. It is willing to do that for extremely wealthy corporate CEOs. It is willing to be fully protectionist, but not willing to be protectionist for Canadian jobs even though every other government around the world puts into place protections around their strategic industries like shipbuilding. Every other government in the world puts into place protections over fundamental jobs. Every other government does that, but the current

ideological government only wants to protect corporate CEOs and bankers. So what has the result been over the last 20 years?

For most Canadian families their real income has gone down. Canadians know that their real income has declined and it has been particularly striking for the lowest income categories. The Conservatives seem a little bit perplexed and I think it is important that they had a little dose of realism in the House of Commons, for most Canadian families over the last 20 years, real income has gone down. For those families who are in the bottom 20% in the Canadian population, their real incomes declined by over 10%. That is a lot.

It means on average that families have lost about six weeks of real income. For a month and a half of the year, compared to 20% years ago, they are working for free. They are working longer and longer hours, harder and harder, but under the Conservatives and the Liberals over the past over 20 years, their economic geniuses, has meant that for most of those poor Canadian families they have lost a month and a half of income.

What about the people in the middle class? They have lost about two weeks of income. It is like they are working 52 weeks but only getting paid for 50 weeks. For that middle income category, they lost about a week of real income a year over the past 20 years.

We put in place NAFTA. We put in place these free trade agreements and a whole bunch of economic measures such as a lot of corporate tax cuts and a whole range of economic measures designed to help those corporate CEOs and bankers because Conservatives want to make sure they get as much protection as possible from the federal government.

However, for most of those income categories the real income has gone down, not up. Now the wealthiest 20%, which is what the economic policies of the Conservatives and Liberals are oriented toward, such as EFTA, essentially now take half of all real income in Canada. This has not been seen since the 1930s. We went through the Great Depression. We had that type of income inequality. The foundation of the CCF, the NDP's precursor party, fighting in the House of Commons and fighting across the country, made a real difference. We had a much more balanced economy and much more balanced economic approaches. That worked for us very well until about 20 years ago when the Conservatives and Liberals moved to the right which has essentially meant for most Canadian families that their real income has gone down.

This is important to note because it shows that the strong ideological drive that we see from the right, that we see from Conservatives and Liberal parties, has not worked on the bottom line. It has not worked for communities. It has not worked for family income. It means that most people are worse off now than they were under the so-called protectionist agenda.

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That is why other governments around the world are actually acting to protect jobs and their economies. Those examples are what we in the NDP side of the House believe that the government needs to look at, to be forthright and protect Canadians. The EFTA agreement does exactly the opposite. I have cited quotation after quotation of those in the shipbuilding industry who say that this will be a devastating agreement. This will eliminate jobs. How could any member of Parliament, representing their riding, representing their region, representing Canada, vote for an agreement that we know will devastate the shipbuilding industry? That is why we are voting no.

• (1245)

Mr. Laurie Hawn (Parliamentary Secretary to the Minister of National Defence, CPC): Mr. Speaker, I listened with interest to the member for Burnaby—New Westminster. I was difficult because it was, frankly, mostly rubbish. He talked about what was beyond comprehension. I will tell members what is beyond comprehension to me. It is the hypocrisy of the NDP members who accuse others of not reading an agreement when probably eight weeks ago now, before the budget was even written, they had already decided they were not going to bother reading it, they were just going to vote against it.

He talked about selling out constituents. How about the hundreds of thousands of constituents those members are selling out by voting against the economic action plan, the Canadians who need jobs and they would take them away?

He talked about shipbuilding. We are building 98 new Coast Guard ships and refurbishing 40 more.

He talked about opportunities in front us. There is an opportunity in front of us, the economic action plan.

He should talk to his colleague, the member for Sackville—Eastern Shore, who at least said that he would have the common sense, the decency and the professionalism to read the budget before he passed judgment on it. I know the member for Sackville—Eastern Shore understands shipbuilding and understands the requirement from it. It is too bad the party as a whole, and certainly the member for Burnaby—New Westminster, does not seem to understand that by not reading the budget and by taking the action he and his party are taking, they are in fact selling out Canadians, not this party nor the other party opposite.

Mr. Peter Julian: Mr. Speaker, it is surprising. Obviously the member was not listening at all. He should be aware, and you should actually call him to order, that we are not talking about the budget. The NDP has a lot to say about the budget, but we are not talking about it. We are talking about the EFTA agreement and shipbuilding. I am sorry the member was awoken from his slumber, was a bit disoriented and was not aware of what we were debating. We are debating EFTA. We are debating shipbuilding.

The point is I just quoted, I guess when the member was distracted, a number of people in the shipbuilding industry who said, and I will quote them again, that this would be “sheer folly and an outrage”. They also said, “What we have seen is the EFTA agreement, which we feel will further devastate the shipbuilding industry”.

This is the testimony heard at the Standing Committee of International Trade. I guess Conservatives in that committee were asleep as well rather than hear the testimony, not only from Atlantic Canada, not only from Pacific Canada, not only from British Columbia but from across the country, of the shipbuilding industry, the marine workers who are concerned about the loss of jobs.

The Conservatives are not interested in reading the agreement. They are not interested in looking at the impacts. That is why they are out of control and that is why they are trying to push through a bad agreement.

• (1250)

[*Translation*]

Mr. Guy André (Berthier—Maskinongé, BQ): Mr. Speaker, I listened with pleasure to my colleague from Burnaby—New Westminster, with whom I had the chance to work for a few years. Certainly, we do not always agree with the NDP on free trade, but I agree completely with his position on shipyards.

The Bloc Québécois tabled a motion in the Standing Committee on International Trade urging the Conservative government to introduce measures to support the shipbuilding industry. Hon. members will know that Norway has made huge investments in its own industry, and this agreement could threaten shipbuilding in Quebec and Canada.

I would like to raise a point, though. This agreement gives us cause for concern about the shipbuilding industry, but it contains other provisions that we feel are very good for Quebec, especially as regards the pharmaceutical industry. Quebec is developing many pharmaceuticals with Switzerland, and this agreement could be very good for trade. Norway imports Canadian nickel. One area of Quebec, Ungava, is a major nickel producer, which could lead to further trade. As for Iceland, it imports aluminum, an important product of Quebec. This agreement will promote more exports.

So we support free trade in Quebec, whether it is with the Americans or when other agreements benefit us. Of course, agreements like the one signed with Colombia that do not respect rights—

The Deputy Speaker: I must interrupt the hon. member to give the hon. member for Burnaby—New Westminster time to reply.

Mr. Peter Julian: I want to come back to Davie shipyards, which has laid off 1,100 workers since December. As I said earlier, we do not know when they will return to work.

I know that the member worked hard on the Standing Committee on International Trade. He knows that shipbuilding across the country is facing a challenge. In Quebec, as in Atlantic Canada and in British Columbia, there is a major problem. A complex economic crisis is raging because of the lack of action and the poor decisions made by this government and the previous one, among other things.

I would like to say to the member that the Bloc must join the NDP in opposing this agreement. We have already seen the outcome, a massive job loss. The industry experts and the workers are warning us. If we want to keep these jobs and truly establish a strategic policy for shipbuilding in Canada, the three opposition parties must unite. I hope the Bloc will join us.

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[English]

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, my hon. colleague from Edmonton is correct. The budget did contain \$175 million. We consider that the canoe budget for shipbuilding.

The Conservatives know very well, and they have been advised many times, that we require a \$22 billion investment. That is just to replace and repair our military, Coast Guard and ferry fleets, let alone brand new ships.

I remember the former defence minister used to say that we would have three armed icebreakers. That promise is gone. We heard about the *Diefenbaker*, but we do not know where that is. That is at least a three-quarter of a billion dollar project.

We have very clearly asked for sound strategic investment by the government, not just on a domestic procurement but also to aid and assist our shipyards, the five major yards and the smaller ones, to protect and promote the trade jobs that are required. At least 5,000 to 7,000 full-time highly skilled jobs could be created on a long-term basis.

The number one recommendation of a 2000 unanimous report called “Breaking Through: Canadian Shipbuilding Industry” was structured facility financing and accelerated capital loans. We did get it for one year. Another time we got it for two years. We have asked that they be combined to assist this industry. If we had that, then quite possibly EFTA might not be so damaging. Without it, EFTA is completely damaging to the industry.

Could he comment on that?

• (1255)

Mr. Peter Julian: Mr. Speaker, the hon. member for Sackville—Eastern Shore has been the foremost advocate for the shipbuilding industry in our country. I think members in all corners of the House recognize how persistent he has been in trying to maintain and build a viable shipbuilding sector in Canada.

We have the longest coastline in the world and we have a shipbuilding industry that is dying through government ineptitude, government mistakes and government negligence.

He pointed to the commitments that have been broken. The Conservative government has broken promises in the shipbuilding sector like it has broken all its other promises such as appointing people to the Senate when it said it would not, breaking the fixed election date laws and in budget after budget, getting commitments from the House and then refusing to enact and put in place the money.

In the shipbuilding industry we have had commitments made and commitments broken repeatedly. I would expect it would be the same thing with the relatively small amounts. As he pointed out, \$22 billion as opposed to \$175 million is needed to catch up over the next few years. I predict that relatively small amount will not even be put in place because the government has broken every other commitment it has made to these kinds of investments. It is a real shame for those who work in the shipbuilding industry across the country.

Mr. Gerald Keddy (Parliamentary Secretary to the Minister of International Trade, CPC): Mr. Speaker, it is a pleasure to rise in debate today on the European free trade agreement between Canada and the countries of Liechtenstein, Switzerland, Norway and Iceland.

I listened with great interest and respect to the opposition parties and certainly to the interventions by the Liberals and by Bloc.

The European Free Trade Association countries are significant economic partners for Canada, with Canadian merchandise exports totally \$5.2 billion in 2007 and incoming investment to Canada totalling \$18.2 billion in 2007.

Some members of the House would like to ignore that. Some in the House would like to twist the facts with their own rhetoric into something that does not resemble this free trade agreement at all. I caution these individuals that there is nothing secret. Anyone watching this debate throughout the country can go on line. Copies of the agreement are available. There will be continued debate. It will go back to committee.

This is a straightforward free trade agreement between Canada and our European countries, the first free trade agreement between Canada and any European country.

Those numbers on imports and exports, those dollars, will increase not decrease in the years ahead. To go further, under our Conservative government's free trade agenda, we will expand free trade. We will move forward, and never mind the critics.

Intelligent debate is fine. Reasonable, rational debate is positive, but we need to have that and we need to have a willingness to listen. We have to be able to sit down at the table and move forward in a positive way. We cannot get stuck in the rhetoric of the past, as some of the parties in the House are prone to do.

I congratulate the minister and the departmental officials on the important achievement of moving forward to sign this agreement and bringing it finally to the House of Commons. It will strengthen Canada's position in the global economy, it will strengthen jobs and opportunities in Canada and it will strengthen trade.

We are not an island. When I listen to some of the parties in this place talk about protectionism and building barriers, first, they would spend every dollar in our country. Second, when the dollars and the jobs were gone, then they would look for someone else to blame. Some of the economic rationale and the discussion is so far overboard and the hyperbole is so outrageous that it really takes away from the debate in this place.

As the Prime Minister indicated, current global economic uncertainty highlights the importance and the urgency of expanding international trade, investment relationships and improving market access for Canadian products. Canada is and always has been a trading nation.

The recent throne speech confirmed that trade and investment was a priority during these challenging economic times. Free trade allows Canadian business to compete in international markets.

As the member of Parliament for South Shore—St. Margaret's, a rural riding in Nova Scotia, I understand how heavily our producers and manufacturers rely on secure, predictable access to the global marketplace.

Consider also that half of what we manufacture in Canada is exported. It is absolutely essential to guarantee that this 50% of our manufactured items have a market in the world's economy. Consider that one-fifth of all Canadian jobs are in part linked to international trade.

• (1300)

In my riding of South Shore—St. Margaret's, I would say that it is even larger. I would say that 75% of the jobs in this riding in rural Nova Scotia are linked to international trade.

Our forestry sector is all value added. There is the AbitibiBowater paper mill. Louisiana-Pacific has a hardboard plant. It is all export oriented. Sure, some products are sold locally, but the majority of them are exported.

As for our fishery, the majority of it is exported. On our agriculture products, many are sold locally, but there are a lot of exports. All of the manufacturing, whether it is by Composite Atlantic or a furniture manufacturing company, is for export.

We are a coastal riding. We grew up in and go back to the days of the schooner in international trade.

Without trade, there would be no jobs in many parts of Canada.

Be it with this new agreement, our negotiations with Jordan, or, in accordance with our government's goal of renewed engagement in the Americas, the signing of free trade agreements with Peru and Colombia, the Conservative government has demonstrated its commitment to giving our producers and exporters the access they need to succeed around the world.

If we level the playing field—and it is our job as government to level the playing field—our manufacturers and producers will compete anywhere in the world and succeed every single time. If we put up artificial barriers, we will always be stuck where we are. We will never be able to compete internationally.

The Canada-EFTA free trade agreement places an emphasis on tariff elimination, specifically, the elimination of duties on all non-agricultural goods and the elimination of or reduction in tariffs on selected agricultural exports.

On the agriculture side, Canada's producers and exporters will benefit from the elimination or the reduction of tariffs on key agricultural exports, from durum wheat to canola oil, pet food, blueberries, and a wide range of processed foods.

On the non-agriculture side, the free trade agreement will eliminate all tariffs on Canadian exports to the EFTA countries, on everything from aluminum to cosmetics, clothing, prefabricated buildings, and coldwater shrimp.

Canadian manufacturers will also benefit from lower cost manufacturing inputs for their own products.

Canadian companies operating in EFTA countries will benefit from the new trade ties forged by this agreement, which will allow

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them to move goods more readily between their operations at home and in the treaty countries. As well, these companies will be better positioned to exploit the benefits of value chain business relations throughout Europe.

Recognizing the importance of the broader European market, the agreement will also provide a strategic platform that Canadian companies can use to tap into value chains all across Europe.

This free trade agreement proves that our Conservative government and the Prime Minister are serious about helping our businesses thrive in the global economy.

We are also serious about listening to the concerns of the provinces, territories and industry as we negotiate these agreements. The EFTA agreement is a perfect example. Negotiators consulted extensively with industry and provincial and territorial stakeholders to ensure that their concerns and interests were fully understood and considered during the negotiations. This kind of open, consultative approach will continue as Canada continues to fight for market access around the world, whether it is at the WTO or with our bilateral and regional trading partners.

Allow me to take two moments to remind members of what happened with Canada-EFTA in the previous Parliament. The Canada-EFTA free trade agreement was the first treaty to be tabled in the House of Commons under our government's new treaties and Parliament policy.

The Standing Committee on International Trade chose to study the agreement and issued a largely positive report. In terms of market access, the committee found that benefits of this agreement to Canada would be largely in the agriculture and agrifood sector. Some industrial sectors would benefit as well. The committee recognized that gains in trade could pave the way for an extended agreement that would include services and investment.

• (1305)

The committee also highlighted the testimony of several witnesses, indicating that the very presence of a free trade agreement could create interest within the business community in exploring economic opportunities in Canada and the EFTA. The committee's report recognized that the Canada-European free trade agreement, in addition to reducing tariffs, could act as a catalyst for increased trade, investment and economic cooperation between Canada and the EFTA countries.

While the report outlined concerns about shipbuilding, it also found that Canada was able to successfully obtain tariff phase-out periods of 10 years and 15 years on the most sensitive shipbuilding products. The 15 year phase-out period is the longest phase-out period ever of any free trade agreement signed in Canada's free trade history. Both the 10 year and 15 year tariff phase-out periods include an initial 3 year bridging period during which current tariff levels would be maintained.

Our government negotiated favourable product-specific rules of origin for ships, as well as special provisions for repairs and alterations.

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Finally, the Canada-EFTA free trade agreement does not in any way alter the government's buy Canadian policy for ships. It does not alter in any way our buy Canada policy.

The Canada-EFTA free trade agreement implementing legislation was tabled in May and passed second reading by a vote of 200 to 21. While the bill was reported to the House of Commons Standing Committee on International Trade for further study, it ceased to exist when the 39th Parliament was dissolved. We are now reintroducing the implementing legislation.

These free trade agreement negotiations were initiated in 1998. They were put on hold for almost six years by the previous government. The conclusion of negotiations was finally announced in June 2007.

This is an important piece of legislation. It has a long history in this place. I certainly encourage my colleagues in the other parties to engage in the study of this bill. This is a good bill for Canada and I would say that it is a good bill for our four trading partners in the EFTA group.

There is a larger issue at stake here. This is all part of our government's global commerce strategy. It is all part of reaching out and seeking free trade agreements around the world.

Certainly if we look at the free trade agreements we signed with Peru and Colombia, our re-engagement with the Americas and our work with the CARICOM countries, the Central American four and Panama, and the technology agreement we just signed with Brazil, all of those agreements are important for Canada. There are hundreds of billions of dollars of Canadian foreign direct investment in the Americas, let alone the rest of the world, and we are certainly pursuing closer ties and more free trade agreements within the Americas as well as the rest of the world.

Since coming to office in 2006, we have signed with Peru, Colombia and the EFTA. We have a free trade agreement with Jordan that has been initialled. We are working on the CA4: Guatemala, El Salvador, Nicaragua and Honduras. There are also Panama, Korea, the CARICOM group and Singapore. The EU agreement is in the exploratory stages. We are also in exploratory talks with India.

These types of agreements will carry Canada's manufacturing sector and producers into the future, where we will have guaranteed access to foreign marketplaces. With these agreements, we have put in place a dispute mechanism system that will allow our producers and manufacturers to compete on an even threshold, so to speak, with manufacturers in other countries.

● (1310)

I listened with some interest to the interventions and discussion by the Liberal and Bloc members. One of the concerns about this piece of legislation, of course, is shipbuilding. I think our Canada first policy on procurement should easily lay those concerns and worries to rest. At present we are building 98 new coast guard vessels and refurbishing another 40. We are looking at a world class icebreaker. We are going to refurbish our frigates.

The shipbuilding sector of our economy is resilient. I feel that our shipbuilding sector can compete and that our workers are some of

the best in the world. I fail to understand why one party in the House does not have any faith in the shipbuilding sector and is not willing to allow it to compete in the international marketplace. Somehow that party thinks this sector is going to fall by the wayside if we engage in these free trade agreements. Nothing anywhere that I have seen and no report that I have read proves any of that.

Once again, I encourage everyone in the House to have a free and open debate on this free trade agreement. It is a good free trade agreement and a progressive free trade agreement. It would lead Canada in the right direction and would provide jobs and opportunities well into the future.

[*Translation*]

Mr. Guy André (Berthier—Maskinongé, BQ): Mr. Speaker, I listened to my colleague's remarks, and I would like him to answer my question.

As everyone knows, we moved a motion in the Standing Committee on International Trade to provide additional support for shipbuilding and for our marine policy. I would like the member to comment on that. Will the Conservative government heed the recommendations in that motion in this free trade agreement?

In its budget, the government is investing \$175 million in acquiring new Coast Guard vessels and refurbishing aging vessels. We know that, under the agreement, the government can give preference to suppliers from Quebec and Canada. I would like to know whether the Conservative government plans to support the marine industry here in Quebec and Canada by doing what Norway has already done. That country is absolutely ready to deal with this agreement and with free trade. When making new investments, will the government give preference to suppliers from Quebec and Canada?

● (1315)

[*English*]

Mr. Gerald Keddy: Mr. Speaker, the agreement of course does address the concerns of the Canadian shipbuilding industry. It addresses industry concerns on tariff phase-out, the 15 year phase-out on the most sensitive shipbuilding products and the 10 year phase-out on the other sensitive shipbuilding products.

Certainly with respect to repairs and alterations, the industry was concerned about the phase-out schedule on ships temporarily exported to EFTA countries for repairs and alterations. We have addressed those concerns.

In the draft agreement, we addressed the industry's concerns on the rules of origin applicable to ships and they are precisely as requested by the shipbuilding industry.

With respect to government procurement, we are supporting the industry by making sure that government procurement is Canadian first, just as we have defended Canadian procurement in other free trade agreements.

The federal and provincial governments will continue to have the right to restrict their bids to Canadian shipyards for the purchase, lease, repair or refit of vessels such as ferries and frigates.

This also recognizes the importance of Canada's domestic government procurement market for the shipbuilding industry.

What is probably more important, we renewed the structured financing facility in 2007 by providing \$50 million over three years to reduce the cost of purchasing vessels built in Canada.

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, the member stated that the Conservatives have done what the shipbuilding industry needed and that they have answered its concerns. Could he provide any letters from the shipbuilding industry saying that? So far, all the letters that have been read in the House from the shipbuilding industry have indicated that it would not be satisfied with such an agreement.

Second, because the member listed a number of negotiated free trade agreements, I want to emphasize what our critic said. We are not convinced that the government is dealing sufficiently with human rights in some of the free trade agreements, but not the one in question. We think the Conservatives should revisit that with particular countries.

My question is related to concern brought up during the debate about the lengthy subsidy of the shipbuilding industry in Norway. What would Canada do to help out our shipbuilding industry to respond to that if we sign such an agreement?

Mr. Gerald Keddy: Mr. Speaker, it was certainly an interesting comment on human rights. With every free trade agreement that we negotiate on Canada's behalf, we automatically look at human rights and labour practices. That is a given. There are no free trade agreements negotiated where we do not take into consideration human rights, labour practices and labour rights. That is guaranteed.

Again, we did consult widely with the shipbuilding industry. I am sure there are sectors which will never agree to the final document, but as parliamentarians, we have to judge the entire document. This document is put together to work toward tariff phase-out between the EFTA nations and Canada. Iceland, Liechtenstein, Switzerland, Norway and Canada will all benefit from increased trade and increased reduction of tariffs.

There is a real concern throughout the world that the old policy of protectionism will rear its ugly head especially in this economic downturn. It is easy to find someone to blame. It is easy to say that we are not doing enough. If we allow protectionism to take over the world as it did prior to the Great Depression in the 1930s, then everyone will lose. We would not have to worry about protecting jobs because there would be no jobs to protect.

• (1320)

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, the hon. member from Nova Scotia indicated he could not understand why we in the NDP do not understand some of the aspects of what he is discussing. I would ask him to read Andrew McArthur's presentation to the international trade committee on April 2, 2008 and he will understand exactly why we are very concerned about what is happening.

When we negotiate trade deals we have to give up something to get something back. We believe what has happened is that we have given an awful lot of access to the shipbuilding industry in exchange for pharmaceuticals and other products. The reality is that since 1924, the United States of America has entered into free trade agreements around the world and in every single circumstance it carves out the shipbuilding and marine sector. The United States is

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our largest trade partner. Roughly 75% to 80% of our trade is directly with the United States. If the United States can go around the world and sign trade deals and carve out that very strategic industry of shipbuilding and marine services, then why cannot Canada?

Why is it that after Norway heavily subsidized its industry for well over 30 years, now even with the declining tariff scale, the reality is it is going to put tremendous pressure on our shipbuilders? If the hon. member thinks we do not have faith in our shipbuilders, we do. He is right that we need to have trade deals around the world that open up exports, that allow us to exchange ideas. Trade deals by nature should be of benefit to both parties.

There are some good aspects to EFTA which we agree with. The problem is that a very vital industry like shipbuilding should not be ignored. I understand that in the recent budget \$175 million was allocated for various smaller vessels and some repairs, but the reality is that the member and his government know that we require an investment just for domestic procurement and repair only. This is not about private sector oil and gas opportunities and so on. This is just the domestic side where we need an investment of over \$22 billion over a 20 year period.

Why did we not ask for a carve out as our American friends have done?

Mr. Gerald Keddy: Mr. Speaker, there is a carve out for procurement for the federal government and certainly for the provinces. There is a three year period where the tariffs as they exist today will remain the same. There is a total 15 year phase-out for the most sensitive shipbuilding sectors, and a 10 year carve out for other shipbuilding sectors.

I do not know what to say. I was at the committee when Mr. McArthur was there, and I do not believe I saw the hon. member there. I would suggest that he should read the witness's report.

I realize shipbuilding has some sensitivities largely because it is an industry that has great potential but has not had a lot of support in the last decade.

I continue to believe that given the right financing opportunities and given the opportunities to access foreign markets, our workers can compete equally with workers anywhere in the world.

• (1325)

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): Mr. Speaker, it is a pleasure to speak to this extremely important bill, the Canada-EFTA free trade agreement, an agreement that Canada would have with Iceland, Norway, Switzerland and Liechtenstein.

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This is part of a trend, of which most of us in the House have been supportive, to increase bilateral trade, to reduce tariff and non-tariff barriers and to improve labour mobility. We have found historically that the removal of these barriers has a pronounced improvement in the productivity and health and welfare of our own people. More people have jobs in our country. The standard of living has risen. More money is in people's pockets as a result of removing these barriers.

Our country is a trading nation. The number of people in our country is simply not sufficient for us to produce at a reasonable cost the types of things that all our citizens want and need.

If we were to turn the tables on that and say why not increase protectionism, why not raise barriers around our nation, we have found historically that it would be worse for our country. Sometimes this might be a little counterintuitive. The erection of barriers actually increases the cost of products here at home and reduces the number of people who are employed. It increases unemployment.

What we all want to make sure, though, is that any trade agreement that we have with other countries enables us to have fair trade and that tariff and non-tariff barriers cannot be surreptitiously introduced under the table.

The Liberal Party will support sending this bill to committee so that we can work with our colleagues across party lines to ensure that this agreement that would enable us to improve trade with those four European countries will be fair for the Canadian consumer and for the Canadian worker. That is our end goal.

We have a remarkable opportunity to be the conduit between the two major largest trading blocs in the world, the European Union and North America. If Canada could be in that place, and this agreement enables us to do that, imagine what it would do for our country. It would increase employment, increase the amount of money in Canadians' pockets, reduce unemployment and ultimately improve the health and welfare of our citizens.

We also have an opportunity at this moment, in our unique place, to add different elements to the trade agreement that have sometimes been neglected. I refer to things such as workers' safety, workers' benefits, working conditions and environmental protection. All of those things can sometimes be fudged in these agreements. Some countries, as part of the agreements, can have an unfair trade advantage by not providing their workers with a safe working environment or a fair wage, or by not having the environmental protection that all of us know is needed.

In fact, the absence of that could not only hurt the workers but it could have transborder effects. Imagine the effects caused by some countries that engage in behaviours that damage the environment. Environmental damage crosses borders and other countries, including our own, can be affected. For example, in those countries that made up the former Soviet Union, there was production of nuclear materials. In Siberia, in Russia, those nuclear materials were simply dumped on the ground. The result is that those radioactive materials, which have long lives, have ended up in the food chain, which knows no borders. Those radioactive materials have actually ended up in the food chain in the Arctic and are actually being consumed by the Inuit in the north. As a result, people living in the north have

very high concentrations of cancer-causing, long-acting toxic materials in their bodies.

• (1330)

In fact, with regard to some of the flora and fauna in those areas and in particular the large mammal species, a whale that washes up on shore would be considered a toxic material. The whales have been consuming animal products that have themselves consumed products further down the food chain, through which there is a bioaccumulation of toxic materials.

My point is that it behooves all of us to ensure that we have proper protection for workers and the environment in the trade agreements we sign. This is an opportunity for us to do so.

As an overview, trade has actually increased over the last 10 to 15 years by a factor of 6% per year. This is double the rate of the increase in global output, which is actually having quite a significant impact upon the global financial architecture of what we see here today. We also know that tariffs have come down. In the 1980s the rate was about 25%. Today tariff barriers are about 10%, and that is a good thing.

The World Trade Organization has had a role to play in that. However, one of the central points I want to make is that while we have come a long way, there is a significant failure in our ability to enforce the agreements that are already there. The rules that bind us in part are based on mutual trust. Countries mutually trust each other. There are rules.

Part of the problem, as is the case in most international agreements, is that there is not an adequate enforcement mechanism. In other words, there is protection without enforcement. In fact, the enforcement mechanism enables some countries to abuse their positions in a way that actually harms those of us who are playing by the rules.

I will give a few examples. Let us take a look at some of the urgent situations we have in the world today.

In terms of food insecurity, we see a rising cost of food products. For various reasons, huge swaths of our world actually have food insecurity. Some of those areas have chronic food insecurity, while some of the areas of insecurity occur from time to time.

The issue, though, is that we have the capabilities and technology to prevent a lot of that food insecurity. Part of this food insecurity exists simply because the trade agreements that we have right now enable things to occur that should not.

One example is biofuels. There has been a headlong rush to produce biofuels. That rush to biofuels has changed land that normally produces things like sour gum, wheat and other pulse products. Producers have taken away the products that people consume. What are they doing? They are growing corn, and it is not corn for consumption, but corn for the production of biofuels.

Government Orders

That change has not only raised the price of foodstuffs because there has been a diminishment of land available for food production, but it has also done something rather perverse: when corn is used for biofuel production, the actual energy output we get is smaller than the energy inputs. On the surface it may seem fine to want to produce biofuels because we are reducing our consumption of fossil fuels, but in fact it is actually environmentally hazardous, because the fossil fuel inputs—and we do require them to produce the corn—are greater than the energy savings that we get at the other end. Also, corn as a source of biofuels is not a very efficient organic product to use for energy.

As well, we are changing to biofuel production on land that would normally be used for food products, resulting in a decrease in food availability.

The situation becomes even worse. In one of the lungs of the planet, Amazonia, pristine rain forests are being destroyed as a result of land now being used for the production of corn to produce biofuels. As a result we have a carbon sink that is actually being damaged and destroyed. That carbon sink, which would normally take carbon dioxide out of the atmosphere, is reduced, which is making global warming worse.

● (1335)

Clearly many factors are involved, so one of the things we have to do in our trade agreements is make sure there are no perversions or distortions that can be used to make our environment and economy worse and our energy situation more insecure.

Along those lines, one of our great challenges is to link up trade with energy policy. No one has been able to do that. I believe that because we are a net exporter of fossil fuels, we have an extraordinary and very important opportunity to be able to link up energy policy with trade policy. If we are able to link energy policy with trade policy, we will be able to grapple with one of the central challenges of our time, global warming.

This is particularly important, now more than ever, because we are getting into a very dangerous period.

We have feedback loops in our planet. As carbon dioxide is produced, carbon sinks in nature—oceans, wetlands and forests—normally absorb the carbon dioxide. The challenge is that when we destroy the wetlands and forests, the absorptive capacity of that carbon dioxide decreases, and temperature goes up. When the temperature goes up, the absorptive capacity of the oceans, one of the major carbon sinks, diminishes, resulting in more carbon dioxide.

This has a huge impact for us in the north, where we have permafrost. A lot of methane is currently underground and is not doing too much, but when the permafrost melts, it releases the methane. The methane has a capacity 25 times greater than that of carbon dioxide to increase the temperature of our planet. Members can imagine what that means: the temperature increases, the permafrost melts, and methane is released in massive amounts into the environment. There is a geometric increase in greenhouse gas emissions, the products that cause global warming. Now we have this vicious feedback, as can be seen.

That absolutely has to be dealt with. One can see the connection between deforestation, rising temperatures and the destruction of wetlands.

Here is an idea our government may wish to pursue. We pay people to plant trees. It takes about 25 to 50 years for a tree to become sizable. The larger it is, the greater its capacity to absorb greenhouse gases.

Now let us imagine we actually paid people not to cut down trees. Why on earth are we paying people to grow little trees instead of enabling the preservation of our forests and wetlands? The current size of the forests and wetlands will have a larger absorptive capacity than these small saplings that will take 25 to 50 years to grow.

The Copenhagen conference is going to take place later on this year. We have an opportunity to think differently about dealing with global warming and to preserve our wetlands and our large forest tracts, which are major sinks for carbon dioxide. We cannot wait a generation to address this question. We have it within our hands now. I would implore our government to look at things differently at the Copenhagen conference and find ways that we can pay for preservation, particularly of critical habitats.

Cameroon made this proposal about a year ago. They have an important tract in west Africa between two contiguous areas of important reserves. The area in between is a pristine habitat and a major carbon sink. They came up with the idea of leasing this land for a dollar an acre. The Cameroonian government was willing to do that.

That kind of innovative thinking enables the world to invest money into areas that will benefit people. It also enables us to prevent these tracts of land from being cut and knocked down, which has a deleterious effect on our environment.

● (1340)

I also want to talk about the need for Bretton Woods 2.

As I mentioned before, one of the major reasons for today's financial crisis is a failure of the global financial architecture. While there are certain rules in the global financial architecture, those rules have not changed or modernized to deal with the rapidly changing international economies and the interdependence that we now have. In fact, that is the basis of the bill we are talking about today.

Because we are a country that stands on the cusp of the two greatest trading blocs in the entire world, we have an opportunity to present a proposal for a Bretton Woods 2 that would enable the International Monetary Fund, for example, to be able to have the teeth and the enforcement mechanism that are necessary for us to have a free and fair trading system.

I know our friends in the NDP rightly talk about the need for fair trade. Here is an opportunity for us to be able to do that and to deal, as I said before, with how workers are treated, with their health and working conditions, and to have the ability to factor environment into the agreements we sign. Those are the kinds of things we need to deal with. In fact those are the things that a Bretton Woods 2 institutional complex has to address.

Government Orders

One of the big challenges, of course, is an enforcement mechanism. Right now certain countries do various things that, to put a kind comment on it, are underhanded, and I could say other things.

Let me give an example. In China, the yuan is undervalued between 20% and 60%. The ability of China to keep its currency at a level that is 20% to 60% below our currency gives China an unfair advantage in its ability to export. Our products become relatively non-competitive because of that huge advantage China has through artificially keeping its currency below what it ought to be.

What is needed is a mechanism to prevent countries from engaging in those non-tariff barriers that slide underneath the financial architecture but give a very clear advantage to their own producers. That cannot happen. Our producers, our workers, our companies and our economy suffer as a direct result of that kind of behaviour.

Right now there is no effective mechanism to do that. We also know that when complaints happen, they do not happen in a timely fashion. They can take two or three years or more. We have had that experience in our lumber disputes with the United States.

The government has a real opportunity here to work with the rest of us to have a concerted effort internationally to change and reframe the international architecture and make sure that the financial architecture of today reflects the integrated economies that we see today, economies that were not envisioned at the time Bretton Woods was actually put together after World War II. It is important to understand that after World War II, the financial architecture we have today had not been envisioned. It is very important for that to take place.

I also want to talk about an issue that is very much at the forefront of our newspapers today, the issue of Canada-U.S. trade and President Obama's protectionist inclinations.

We have to make it crystal clear that those kinds of behaviours and barriers contributed in part to the Great Depression in the 1930s. If we fail to do that, they are going to hurt their country and they are going to hurt our country. Everybody is going to get hurt. That kind of behaviour sets up a vicious cycle, and nobody wins.

• (1345)

The Liberal Party will support sending the bill to committee. We want to make it better. We have some great people on our side with great ideas. They will work in committee to ensure the bill will benefit Canadian workers, the Canadian economy and the Canadian environment to ensure Canada can be as competitive as we know our great workers can be in the changing international architecture of 2009.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, I thank my hon. colleague for talking about Bretton Woods 2. He is absolutely correct. It is the time to discuss that concern. I want to also mention the Pugwash talks.

If we are getting off topic for a second regarding the trade deals, why not reintroduce the motion that was passed here in 1999, the James R. Tobin tax of .001% of financial speculation, which would provide the seed money to help those serious nations around the

world that are in desperate straits. That money would be there in continuity to help them.

In 2003, the finance minister at the time, Mr. Manly, said that the shipbuilding industry in our country was a sunset industry. When he said that, the hearts of many people in the industry sank. The Finance Minister of Canada was saying, in essence, that the shipbuilding industry had no future in our country.

His party is about to support a deal to get the bill to committee. I can understand that, because the hope is that in committee, we try to fix it. The member represents one of the more beautiful areas in the country, Vancouver Island. However, the Victoria yards are not that far away and many people on the island work in the Washington yards.

We know the United States, since 1924, has asked for carve outs of the shipbuilding and marine industry in every FTA it has signed. Why then would he and his party not support a carve out of the same industry? Our largest trading partner does it, so we should be able to do the same to protect and enhance this very vital industry.

Hon. Keith Martin: Mr. Speaker, my hon. colleague is from the other coast of the country, another beautiful part. We share two of the most beautiful parts on either side of our great country.

On the issue of shipbuilding, we in the opposition have the largest number of people on committee and the member knows we have an opportunity to change government policy.

This is an opportunity. We both share a passion for supporting the shipbuilding industry. This is a solution that some of us have put forward. An import tax currently exists when Canadian companies purchase a ship abroad. The tax, unfortunately, goes into general revenue. The solution is to put that tax into a fund. The private sector contributes the same amount of money to the fund and those moneys can be used for the refurbishment of our shipbuilding and construction. That would allow us to be competitive, particularly for the production of mid-sized vessels.

In speaking with the Washington shipyards and our Department of National Defence, for the next 20 years we have the ability to build and make ships here at home with the proper leadership from the government. I only ask that the government take it upon itself to work with us to make that happen.

Ms. Kirsty Duncan (Etobicoke North, Lib.): Mr. Speaker, I thank the member for this thoughtful argument. The member mentioned that the procurement should be fair and should create jobs for Canada. What is the member's opinion regarding the recent contract for 1,300 military trucks to be filled by Navistar International in the United States? It seems the government has lost sight of the fact that it invested \$30 million in Navistar Chatham in 2003.

Does the member feel that an opportunity to stimulate the economy has been missed at a time when manufacturing is at an all time low?

Government Orders

Hon. Keith Martin: Mr. Speaker, I want to bring up another example which sits on the government's shelf right now. The replacement for a Buffalo, the fixed-wing search and rescue aircraft, is currently out for contract. However, a Canadian company, Viking Air from Victoria, is not able to compete for that contract. That is a violation of our responsibility and our duty, not only to our Canadian Forces members but also to our workers.

The hon. member's fine question about the trucks is the same issue that relates to the replacement of the Buffalo.

All we demand of the government is that it allow our Canadian companies to compete on a level and fair playing field for products like the trucks and like the replacement for the Buffalo fixed-wing search and rescue aircraft.

This issue will not go away. Viking Air and other Canadian companies must have a chance to compete for the products and demands of the government, for DND and for other things it wants to purchase.

• (1350)

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, that is surprising considering the government, as has been said many times this morning, has the ability to exempt those military purchases, so both the last question and response were very troubling.

Since the Bretton Woods agreement has fallen apart, if the member has any further suggestions about the new financial order, that would be good.

I want to compliment the member for bringing up the fact of the feedback cycle on global warming. I want to add that with frozen methane in big chunks in the oceans and the white ice going away, the darkness is attracting more heat, which is a very big concern for us. Climate change is worse in the north than anywhere else. Under those circumstances, where all sorts of potential is being opened up out there, the fact that the Conservatives have cancelled the Arctic ambassador and not replaced it has lowered our esteem in the world in Arctic affairs.

Hon. Keith Martin: Mr. Speaker, I thank my friend from Yukon for his tireless work not only for the people of his constituency but also for the people of the north. He, more than just anybody else in the House, knows full well the impact of global warming on the territory he represents. He sees it in his day to day life and he sees the impact it has upon individuals.

The point I was driving forward is that the government has a chance to think clearly and to innovate during this time of a changing financial architecture by adding energy policy and trade policy together. They can and must go together. That will require international co-operation on how we can change the WTO, how we can change the IMF and how we can ensure the WTO and the IMF work together to deal with the issues of labour rights, health care and the environment.

I want to expand upon what my friend said.

The issue of feedback loops is not something on which we can go back. These feedback loops, if they are set in motion, will cause a cascade of events that we cannot stop. The elimination of the carbon sinks, wetlands and forests and the increasing temperature, which

causes the melting of the ice and the release of methane, which is 25 times more powerful than carbon dioxide as a greenhouse gas, will result in these feedback loops and we cannot turn them off.

It also has an impact upon the very countries with which we are signing a trade agreement. That will result in a change in the currents in the North Atlantic which will result in cataclysmic changes for agriculture and for the economies in the region, most of all our country and our economy.

Mr. Peter Stoffer: Mr. Speaker, I will ask my hon. colleague this question once again.

Will his party support a carve-out of the shipbuilding and marine industry, similar to what the Americans have done, when it comes to the EFTA deal?

Hon. Keith Martin: Mr. Speaker, I will respond again by saying let us work together to ensure Canadian workers are protected and the Canadian economy maximizes its potential and its capability.

On the shipbuilding industry, I ask him a reciprocal question. Will he support the proposal that I have in the House to ensure the import tax on ships goes into a special fund, which should be matched with the private sector, and used to modernize our shipbuilding capabilities in our country so we can compete with countries from around the world in this important industry?

[*Translation*]

Mr. Guy André (Berthier—Maskinongé, BQ): Mr. Speaker, today it is my pleasure to speak to Bill C-2, an act to implement the Free Trade Agreement between Canada and the States of the European Free Trade Association. The association is made up of four countries: Norway, Iceland, Liechtenstein and Switzerland.

As some of my colleagues mentioned this morning, this is the second time that Parliament is considering the bill to implement the Free Trade Agreement between Canada and the States of the European Free Trade Association. During the second session of the 39th Parliament, Bill C-55 was passed at second reading, but could not be finalized before the 39th Parliament ended on September 7, 2008.

Bill C-2, which is before us today, and Bill C-55 are identical. I want to reiterate that the Bloc Québécois will support this bill because we believe that it will provide good trade opportunities for Quebec. Nevertheless, it is important to point out that this economic initiative, while very positive for Quebec, raises some concerns that I will explore later in my remarks.

As we all know, many Quebec businesses depend on exports to ensure growth. However, 85% of our exports are to the United States. That means that we have to diversify free trade.

Statements by Members

International exports represent almost one-third of Quebec's GDP. Every day we are painfully becoming more aware that our economy is far too dependent on that of the United States. When there is a recession or a downturn in consumerism as is now happening with the Americans, coupled with the obvious aggression of emerging countries such as China, India and Brazil, we can see that it is getting more and more difficult to keep our place in the American market and to encourage growth in our manufacturing businesses. The results have been significant for Quebec. We have lost over 150,000 manufacturing jobs in the past five years, more than 80,00 of those since the Conservatives came to power.

The riding that I represent, Berthier—Maskinongé, has been severely affected by the loss of manufacturing jobs, particularly in the furniture and textile industries. If we were less dependent on the American market and our trading relationships were more diversified, I am convinced that our manufacturing sector would not be so hard hit.

And this is what makes the agreement that we are looking at today such an interesting initiative. It also offers new opportunities for Quebec business. For example, like Quebec, Switzerland has a large pharmaceutical industry, vigorous and innovative, especially with respect to brand name drugs. It is not surprising that Quebec is the Canadian leader in the field of brand name drugs because of its pool of skilled researchers and its favourable tax system. We could therefore easily imagine that in order to more easily break into the American market—

I think that I will stop there and continue after question period.

• (1355)

The Deputy Speaker: The hon. member for Berthier—Maskinongé will have 15 minutes remaining after question period.

It is now time to move to statements by members. The hon. member for Brandon—Souris.

STATEMENTS BY MEMBERS

[*English*]

LEE CLARK

Mr. Merv Tweed (Brandon—Souris, CPC): Mr. Speaker, it was with sadness this past summer that we heard of the passing of a learned scholar and federal politician who served Brandon—Souris.

Mr. Lee Clark passed away in August after a riding accident at his retirement home in Lake Metigoshe where he spent many happy years during his retirement enjoying the outdoors. He has left to mourn his wife Barb, two daughters, and three grandchildren.

Lee earned his doctoral degree and served on the staff of Brandon University before becoming our member of Parliament from 1983 through 1993. He returned to Brandon University until his official retirement in 1998.

Lee Clark lived his life as a dedicated educator and politician, a tireless volunteer, and most important, a great husband, father and grandfather. Those who were fortunate to have known Lee Clark knew him as a talented man who quietly got things done. He asked

for no praise or accolades, but enjoyed the satisfaction that he was able to help those in need.

Those of us who knew Mr. Lee Clark are much better off because of it. I ask the House to remember the life of one of our great Canadians, Mr. Lee Clark.

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• (1400)

FREDERICK GORDON BRADLEY

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.): Mr. Speaker, on December 10, 2008, the province of Newfoundland and Labrador, and in particular, the historic town of Bonavista, was deeply saddened by the unexpected passing of Frederick Gordon Bradley.

Mr. Bradley was the son of the late Senator F. Gordon Bradley and Ethel Louise Bradley.

He was successful in business but devoted much of his life to community service. He was a longtime town councillor and mayor of Bonavista. He also formed the town's volunteer fire department in the 1960s. History and heritage consumed much of his interests. He was an avid storyteller, researcher and collector of information about the past.

Mr. Bradley was a longtime member of the executive of the Newfoundland Historical Society and served a term on the board of the Heritage Foundation of Newfoundland and Labrador. In 2006 Mr. Bradley received the distinguished Newfoundland and Labrador Heritage Award in recognition of his longstanding contribution to the preservation of the province's history and heritage.

With his untimely passing, the town of Bonavista and the province of Newfoundland and Labrador are left with a large void that will be difficult to fill.

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[*Translation*]

EAST AFRICA

Ms. Johanne Deschamps (Laurentides—Labelle, BQ): Mr. Speaker, in this 19th International Development Week, it is important to recall that the FAO recently called on its member states for more investment in rural areas of East Africa with high potential for agricultural production to help them face the food crisis.

With most resources going into food aid, there is little investment in agriculture, and most of it is occurring in highly degraded areas. It is important that areas with higher potential for agricultural production receive greater financial support to produce surpluses that can feed the poor.

It would also be desirable to work together with these countries at establishing a supply management system in their jurisdictions. This would be a good way for their farmers to have more control over their production. This would be a sustainable solution to the food crisis in East Africa.

[English]

HOLOCAUST

Mr. Charlie Angus (Timmins—James Bay, NDP): Mr. Speaker, the fight against holocaust denial is international in scope and Canada can be proud of the efforts that we have taken in fighting the extremist Ernst Zundel. Therefore, Canadian parliamentarians must speak out against Rome's decision to welcome Bishop Richard Williamson, a notorious supporter of the lies of Zundel.

Williamson has praised Zundel from the pulpit of a Canadian church. He has consorted with the Zundel defenders and he has continued to use the farcical testimony that no Jews died in the gas chambers. By rehabilitating Williamson, the church has shown a surprising indifference to the international fight against holocaust denial.

Last year, Williamson was just a Zundel fellow traveller. Thanks to the Vatican, he is now the most famous anti-Semite in the world. While the New Democratic Party welcomes the church's attempt to reassure the international Jewish community, nothing less than the full condemnation of this decision is acceptable in this day and age.

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DICK ILLINGWORTH

Ms. Lois Brown (Newmarket—Aurora, CPC): Mr. Speaker, I rise today in the House to recognize Dick Illingworth, one of Aurora's most respected citizens, on the occasion of his recent retirement. At the impressive age of 92, Mr. Illingworth has retired from his journalism career.

After many years with the RCAF, Dick served the community of Aurora as school trustee, town councillor, and then mayor, before beginning his career in journalism and broadcasting in 1985.

His broadcasting career began with hosting shows at the local community television station, Aurora Cable. His show *Our Town* focused on news and current events, and his regular column "Bouquets & Brickbats" in *The Auroran*, was either scathing in criticism or lavish with praise.

Politicians were particular objects of his scrutiny and bouquets were a welcome endorsement. He always ended his commentary with "I'm Dick Illingworth and that's the way I see it".

The whole community joins me in thanking Mr. Illingworth for his great service to our community.

* * *

SUPER BOWL

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Mr. Speaker, yesterday Canadians and Americans sat at their televisions watching the tremendous sports spectacle of the Super Bowl.

However, there were no greater fans than my neighbours, Don and Evelyn Berger, parents of Pittsburgh Steelers punter, Mitch Berger, the only Canadian player on the field.

Mitch grew up in Delta playing community football and graduated from North Delta Secondary School. He has made his parents, our community, and country very proud.

Statements by Members

I ask all members of the House to join me in congratulating North Delta's Mitch Berger, our Canadian Super Bowl champion.

* * *

●(1405)

RCMP

Mrs. Joy Smith (Kildonan—St. Paul, CPC): Mr. Speaker, last Friday, Dennis Cheeseman and his brother-in-law were sentenced for their involvement in the murder of four Mounties almost four years ago in Mayerthorpe, Alberta. One of these men told an undercover police officer that he knew James Roszko planned to kill the Mounties that day.

Imagine the heartbreak of the wives, the children, the parents, and the grandparents of these fallen police officers as they continue to cope with the tragic loss of their loved ones. The courageous officers names were: Constable Brock Myrol, Constable Peter Schiemann, Constable Anthony Gordon and Constable Leo Johnston.

As members of Parliament, we must honour these young RCMP officers who lost their lives in the line of duty. There are many RCMP officers on the Hill this week. Let us stand together with them and remember the ultimate sacrifice the fallen Mounties made that fateful day.

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[Translation]

LÉONARD OTIS

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): Mr. Speaker, Léonard Otis was recently honoured by the Coalition urgence rurale du Bas-Saint-Laurent. At 84 years of age, Mr. Otis remains one of Quebec's most ardent defenders of forestry. Born on a farm in Saint-Damase, in my riding, Léonard Otis devoted himself to ensuring sustainable forestry practices to better serve humankind, not capital gain. This pioneer in agricultural and forestry trade unions held many posts in that sector for over 40 years. He became an ardent promoter of tree farming, a perfect example of sustainable development.

Léonard Otis has always maintained that it is our duty to preserve the forest in order to pass it on to future generations. Mr. Otis is a man of great courage and conviction who has shown us how to achieve balanced regional development.

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CANADA HEALTH INFOWAY

Mrs. Sylvie Boucher (Beauport—Limoilou, CPC): Mr. Speaker, Canada Health Infoway is an innovative program designed to improve patient safety, help public health professionals and cut costs by creating a system of electronic health records.

I am happy to see that budget 2009 earmarks \$500 million for Canada Health Infoway, to help the organization reach its goal of creating electronic health records for 50% of Canadians by 2010. If we add the money provided in budget 2007, the funding totals nearly \$1 billion.

Statements by Members

This is a tangible measure and another example of how budget 2009 is investing strategically in the health and safety of Canadians. I hope all the opposition members will do the right thing and support this budget.

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[English]

SRI LANKA

Hon. Judy Sgro (York West, Lib.): Mr. Speaker, I am calling on the government to act immediately to end the humanitarian crisis in Sri Lanka. Sri Lanka continues to be devastated by escalating fighting. The UN has raised concerns about human rights abuses amid this renewed civil war, while the increased violence in Sri Lanka has led to the suffering of displaced people.

Further humanitarian aid is needed immediately. The time to act is long overdue. Thousands of innocent people are being lost and the lives of many of their loved ones.

I have raised this issue in the House of Commons before and I will continue to raise the issue until the government steps up, takes on a leadership role on behalf of all of us as Canadians for a peaceful resolution to this conflict. I would like to thank the many constituents who have contacted my office.

Canadians are expecting their government to take action to help the people of Sri Lanka. We must act now to facilitate an immediate end to this violence that has cost so many lives and bring a lasting peace to Sri Lanka.

* * *

● (1410)

HUMAN RIGHTS

Mr. Scott Reid (Lanark—Frontenac—Lennox and Addington, CPC): Mr. Speaker, on Friday evening, armed vandals forced their way into the Mariperez Synagogue in Caracas, assaulted a security guard and spent several hours defacing this place of worship with anti-Semitic and anti-Israeli graffiti.

Canadians condemn with a single voice this barbaric and deeply offensive act, just as we condemn all acts of anti-Semitism wherever and whenever they occur anywhere in the world. Such acts are an affront to the values of Canadians and to all civilized people. Acts of hatred against any faith deserve condemnation and, given the long history of anti-Semitism as the prototype for all other forms of religious and racial bigotry, this particular attack impels us to an immediate and uncompromising response.

With these considerations in mind, Canadians stand in solidarity with the good people of Venezuela in condemning this uncivilized act.

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BLACK HISTORY MONTH

Ms. Megan Leslie (Halifax, NDP): Mr. Speaker, I am pleased to rise today in recognition of Black History Month, a time when we can remember the struggles, triumphs and contributions of African Canadians. Halifax has been the site of some of the most important

times in this history, including the underground railroad and the unjust displacement of the residents of Africville.

Today, Canada Post unveils a new stamp honouring the late Rosemary Brown, the first black woman elected to public office in Canada. Ms. Brown was a positive force for change as an elected leader and she paved the way for leaders such as Donald Oliver; Dr. Daurene Lewis, Canada's first black mayor; Wayne Adams, Nova Scotia's first black MLA; and Irvine Carvery, the first African Nova Scotian elected chair of the Halifax Regional School Board.

Their stories are just a few in our rich collective history. Best wishes to all during Black History Month.

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NATIONAL ANTHEM

Mr. Rob Moore (Fundy Royal, CPC): Mr. Speaker, our national anthem is a source of pride for Canadians and something that unites us from coast to coast to coast.

Three of my Conservative colleagues from New Brunswick rose in this House on Friday and called for the reversal of the ban on the morning singing of *O Canada* at a school in my province.

I am proud to inform this House that *O Canada* will once again be sung every morning by students at Belleisle Elementary School.

The support from this House and government to reverse the ban may have played a part, but nobody played a bigger role than young student Julia Boyd, who brought this issue to the public's attention.

On behalf of us on this side of the House, we thank Julia for standing on guard for Canada.

* * *

[Translation]

BLACK HISTORY MONTH

Mrs. Ève-Mary Thaï Thi Lac (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, this year, more than any other, Black History Month is a special time to commemorate the history of individuals who, together with all peoples, contributed to the history of humanity through their tangible contributions to our society.

Just a few months ago, we witnessed a great event, a great moment in the history of blacks and in our common history, the election of the first black American president. The newly elected president has demonstrated, as did Martin Luther King and Nelson Mandela before him, that with a dream, energy and determination, you can make barriers fall and bring about what was thought to be impossible.

The Bloc Québécois will be proud to participate in the activities planned for Black History Month. May it instill pride and hope so that together we can combat intolerance and face the challenges before us.

* * *

FREE TRADE

Mrs. Lise Zarac (LaSalle—Émard, Lib.): Mr. Speaker, in the wake of the global economic crisis there have been some worrying reactions from south of the border.

Oral Questions

President Obama's new administration has launched an ambitious government program to kickstart the economy, and we offer our congratulations. However, some details are cause for legitimate concern.

Such is the case with the clause stating that the steel used in infrastructure projects, provided for in the economic stimulus plan, must be produced exclusively in the United States.

This is a blatant protectionist measure. If it is adopted, thousands upon thousands of steel jobs in this country would be threatened. In Quebec alone, an estimated 2,000 jobs would be on the line.

It is not too late. The Conservatives must remind our American partners about their obligations under NAFTA. Free trade policies have done much to improve the prosperity and competitiveness of Canadian and American companies. The Conservatives must ensure that this continues.

* * *

• (1415)

[English]

CORRECTIONAL SERVICE CANADA

Mr. Blake Richards (Wild Rose, CPC): Mr. Speaker, I rise today to highlight the work of our Conservative government in combating the use of illegal drugs within our federal prisons.

There is a federal prison just miles from our family farm, where I grew up, and I am all too aware that drugs are prevalent in our prisons and are a source of income and control for gangs.

These are serious and longstanding problems that have been overlooked for decades and are now being addressed by our Conservative government through a bold and innovative initiative.

We have committed significant and meaningful funding toward an anti-drug strategy, a strategy which will, over the course of the next five years, go a long way toward the detection and elimination of drugs in our federal prisons.

In addition to these initiatives, Correctional Service Canada has also introduced a zero tolerance drug policy to further respond to this problem and to better protect correctional staff. Eliminating drugs in prisons is an important step toward the rehabilitation of offenders and the creation of a safer environment inside our federal prisons. It is a step, I am proud to say, that has been taken by this Conservative government.

ORAL QUESTIONS

[English]

TRADE

Mr. Michael Ignatieff (Leader of the Opposition, Lib.): Mr. Speaker, protectionist measures in the U.S. Congress are now aimed not just at Canadian iron and steel but at manufactured imports used in public works projects. Thousands of Canadian jobs and billions of dollars in exports are at risk.

The U.S. legislation was not written overnight. How did the government get caught off guard? What is it doing right now to ensure that Canadians do not lose further jobs to the rising tide of American protectionism?

Hon. Stockwell Day (Minister of International Trade and Minister for the Asia-Pacific Gateway, CPC): Mr. Speaker, we are very concerned with the developments that we are seeing on this in the United States. I met with the acting U.S. trade representative this weekend. He noted the Prime Minister's comments on this in the House of Commons last week and also the comments that I and others have made.

We have this concern not just registered, but we are in daily contact with a variety of individuals in the United States and are warning them of the dangers of protectionist movements. They say they are concerned about this. They are looking at what they can do to mitigate it.

Mr. Michael Ignatieff (Leader of the Opposition, Lib.): Mr. Speaker, I would point out that the minister met his counterpart after the legislation passed in the House of Representatives, so the Conservatives missed their first chance. They missed the chance to stop this legislation or to change it when it went through the U.S. House of Representatives.

The legislation is now before the U.S. Senate. What action is the government taking now, both with the administration and with Congress, to secure Canadian exemption from these protectionist measures?

Hon. Stockwell Day (Minister of International Trade and Minister for the Asia-Pacific Gateway, CPC): Mr. Speaker, as somebody who has lived his last 30 years in the United States, we would think he would be familiar with the fact that we actually do not get involved in drafting legislation in the United States, nor do Americans get involved in drafting our legislation.

We are very concerned about this. A last-minute entry into the legislation, the particular clause that is before their Senate right now, takes it further than just steel and just iron products. It could go across the board to many other products. That is why we have been aggressive on the file. That is why we are hoping for some mitigation here.

[Translation]

Mr. Michael Ignatieff (Leader of the Opposition, Lib.): Mr. Speaker, the Minister of International Trade returned from his trip to Davos saying that he was cautiously optimistic following his meeting with his American counterpart—cautiously optimistic in a situation in which 2,000 jobs could be lost in Quebec alone. Canadians do not need empty rhetoric. They want the legislation to be changed.

What is this government doing right now in Washington to protect Canadian jobs from American protectionism?

Oral Questions

Hon. Stockwell Day (Minister of International Trade and Minister for the Asia-Pacific Gateway, CPC): Mr. Speaker, over 2,000 jobs could be affected in Quebec, la belle province, but many jobs could also be affected across the country and around the world. Canada is not the only country concerned about the situation; other countries are also concerned. We will continue to voice our concerns. We will continue to present potential solutions. If we continue to do this, a solution can be found.

• (1420)

Hon. Bob Rae (Toronto Centre, Lib.): Mr. Speaker, with respect to both acid rain and softwood lumber, strong publicity campaigns were launched in the United States and no effort was spared in lobbying Congress and the Senate.

My question is for the minister. Where are this government's efforts on this, something so important to all Canadians?

Hon. Stockwell Day (Minister of International Trade and Minister for the Asia-Pacific Gateway, CPC): Mr. Speaker, I appreciate the fact that my colleague has mentioned action taken by the former Conservative government, which effectively changed the situation.

It is also important to point out that this takes time. This is not the sort of thing that can be done overnight or in two days. That is why we are concerned. And that is also why American industries are heavily involved in this situation. They understand that this is a serious problem that can affect global trading.

[*English*]

Hon. Bob Rae (Toronto Centre, Lib.): Mr. Speaker, the problem is one of time. This legislation has gone through Congress very quickly. It is now in the Senate and can go through the Senate very quickly.

I must say I disagree with the minister's statement that it is not our job to get involved with Congress. Every Canadian ambassador in Washington in the last 25 years has said exactly the opposite: that is where we should be fighting, that is where we should be, and that is what we should be doing on behalf of Canadian business and on behalf of Canadian workers.

Hon. Stockwell Day (Minister of International Trade and Minister for the Asia-Pacific Gateway, CPC): Mr. Speaker, if my friend opposite is really concerned about working together, as those members pretend to be, then he should at least be accurate in his statements. What I said just moments ago is that we do not normally get involved in the drafting of legislation in the United States. He should be accurate when he talks about that.

He is also incorrect in that this has not passed in Congress. It has passed in the House of Representatives. Then there will be a passing, possibly, in the Senate. Then the two will be reconciled. That is what Congress is all about.

We are moving quickly on this. We are making our views known and we are being heard.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the recovery plan unveiled by the U.S. President, Barack Obama, contains a protectionist clause that would violate WTO and NAFTA rules and threaten 2,000 jobs in Quebec. The Prime Minister

promised to raise this issue with his American counterpart when he visits on February 19. But it is quite possible that this plan will already have been adopted by the U.S. senate when the two leaders meet.

Will the Prime Minister promise to call President Obama as soon as possible and ask him to change that clause, in order to prevent a prolonged legal battle like the one over softwood lumber?

Hon. Stockwell Day (Minister of International Trade and Minister for the Asia-Pacific Gateway, CPC): Mr. Speaker, our goal is to reach a solution before the President arrives in Canada. I do not know whether it is possible, but that is our aim. We want to reach a solution beforehand.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, it is possible to encourage local purchasing and still comply with WTO and NAFTA rules. Such a policy would mean that certain equipment would be purchased locally for security reasons, for example.

At a time when we are in the midst of an economic crisis and many industries are struggling, why does the government not adopt a buy local policy that complies with WTO and NAFTA rules?

Hon. Stockwell Day (Minister of International Trade and Minister for the Asia-Pacific Gateway, CPC): Mr. Speaker, we believe that Canadian products are the best in the world, but it is up to the buyers to decide whether they want to purchase them. We are continuing to encourage people to consider Canadian products and services. There are also occasions when it is necessary to buy Canadian. We are going to continue to promote that.

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, it is possible to choose local industries for the construction of equipment and still comply with the provisions of NAFTA and the WTO. With regard to security in particular, there is nothing to prevent the government from having trucks for the army built in Canada, in Quebec for instance .

Why does the government refuse to use these exemptions and prefer to award its military contracts to foreign companies, an illogical decision in these times of economic slowdown?

• (1425)

Hon. Peter MacKay (Minister of National Defence and Minister for the Atlantic Gateway, CPC): Mr. Speaker, in this case it is clear that the Canadian Forces need a certain type of truck.

[*English*]

On this particular procurement, what we have done is receive, dollar for dollar, the amount for this particular contract in the range of \$274 million. Much of the work on the component parts of this particular truck will be done in Canada. Much of the in-service support will of course be done in Canada, around the country at various bases where these trucks, these workhorses of the Canadian Forces, will be located.

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, Quebec industry wants its share of spinoffs from military contracts. One year after the contract was awarded to Boeing and Lockheed, the aerospace industry is unable to confirm whether the value of the contracts is \$660 million.

Oral Questions

Does the Minister of Industry realize that Quebec is not receiving its fair share?

Hon. Tony Clement (Minister of Industry, CPC): Mr. Speaker, our government acknowledges the importance of the aerospace industry to the economy. It is obviously a very important part of the Quebec economy as well as of the entire country's economy.

We have supported this industry in our 2008 and 2009 budgets. This industry represents part of our economic plan for Canada and Quebec also. Naturally we support an action plan for Canada that will invest in industries of the future, as is the case with the aerospace industry.

* * *

[English]

HUMAN RESOURCES AND SKILLS DEVELOPMENT

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker on Friday, the Minister of Human Resources insulted the hundreds of thousands of Canadians who, through no fault of their own, have been thrown out of work. When she was speaking about the employment insurance program, she said, “We do not want to make it lucrative for them to stay at home and get paid for it”.

Does the Prime Minister agree with his minister that unemployed Canadians are just looking for a way to stay at home and get lucrative payments from the government, or will he ask her to apologize?

Hon. Diane Finley (Minister of Human Resources and Skills Development, CPC): Mr. Speaker, it is a tragedy when anyone gets laid off from his or her job. We understand that on this side of the House, but we believe that in a time when across this country there are still many job openings, and in fact, companies cannot find enough people with the needed skills to fill those jobs, it is important that people get back to work, that they have the opportunities to get the skills to do the jobs of today and the jobs of tomorrow. We believe they should have that opportunity. That is what we are providing with our economic action plan.

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, I do not think we heard an apology there. I think we saw a compounding of the problem.

The minister and the government seem to believe that somehow Canadians would rather sit at home and receive payments from the government than go out to work. It is simply not the truth. If the Conservatives spent some time with the hundreds of thousands of people who are losing their jobs now, they might understand that. People are not trying to sit at home and get paid. They are trying to protect their homes. That is what they are trying to do. They are trying to keep their jobs.

Will the minister at least stand up and apologize to the unemployed, whom she has insulted?

Hon. Diane Finley (Minister of Human Resources and Skills Development, CPC): Mr. Speaker, we want people to have the opportunity to work, to bring food home and put it on the table for their families, and to do that with dignity.

The apology should be coming from the hon. member and some of his cohorts who keep saying that people over 50 cannot learn new jobs. They want to put them out to pasture. We have faith in them.

[Translation]

Hon. Jack Layton (Toronto—Danforth, NDP): Mr. Speaker, the minister responsible for employment insurance believes that people want to stay home, live the good life and live off the state. That is what she said and that is the root of the problem.

It reminds me of the time the Prime Minister referred to Maritimers as losers. It is the same kind of attitude.

The minister should apologize because the unemployed are insulted. They want real jobs, not insults from the minister.

● (1430)

Hon. Diane Finley (Minister of Human Resources and Skills Development, CPC): Mr. Speaker, that is exactly what we are offering them. We are providing training so that they can have good jobs in the future.

We will be providing the training and they have voted against it.

* * *

[English]

EQUALIZATION PAYMENTS

Hon. Ujjal Dosanjh (Vancouver South, Lib.): Mr. Speaker, the government is unilaterally and without any consultation amending the equalization formula. The changes mean far fewer dollars will be flowing to provinces like Newfoundland and Labrador. This is no way to run a federation.

Could the Prime Minister tell the House why the government is managing the federation in a manner which is driving federal-provincial relations into the ground?

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, certainly one of the principles involved in equalization is that all provinces should be treated equally. That is indeed what we are doing. It is not open to one province to elect to have unrestrained growth of equalization sharing payments, whether it is through the accords or through formal equalization. That is exactly what is being suggested by the province of Newfoundland and Labrador.

We believe in fairness across the board in Canada. That is why growth in the accord incomes and in equalization is fair—

The Speaker: The hon. member for Vancouver South.

Hon. Ujjal Dosanjh (Vancouver South, Lib.): Mr. Speaker, the minister utters absolute nonsense.

The fact is no amount of evasion can change the fact that the federal government has a responsibility to make this federation work properly. The government is one big wrecking crew when it comes to federal-provincial relations.

How can the Prime Minister assure the House that the budget implementation legislation will not be used to settle political scores with any premier or any province?

Oral Questions

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, what the budget implementation bill will not be used for will be to permit one province to have unrestrained payments. We are calling on all of the provinces to be reasonable, that the growth in equalization payments will be equal to the rate of growth in the economy without exception, including Newfoundland and Labrador.

If the member from British Columbia does not understand the issue, I invite him to my office immediately after question period where we are having a briefing of the Liberal opposition on that precise issue.

[Translation]

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Shame on the Conservative government, Mr. Speaker, for changing the equalization formula without any consultations. The government's decision totally ignores the principles of accountability and transparency. The Prime Minister has challenged a majority of Quebecers with this kind of attitude.

Need I remind the right hon. Prime Minister that he is the head of a federation, not a republic?

[English]

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, I am not sure if there was a question, but if it is a question about the fairness of equalization—

Hon. Gerry Byrne: Are you removing the option as to the 50% on natural resources?

The Speaker: Order. The Minister of Finance has the floor. We will have a little order in the House, please. The hon. Minister of Finance.

Hon. Jim Flaherty: Mr. Speaker, the O'Brien formula enunciated certain principles which are being followed. One of the concerns in the O'Brien formula, with due respect to the Liberal member from Newfoundland and Labrador who is creating a great bit of noise here, is a recognition of commodities prices and the variabilities in commodities prices. We have to be realistic about that in the interests of our country, our whole country, not just Newfoundland and Labrador.

[Translation]

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, once again, the Conservative government is showing its inability to properly manage our federation. Not too long ago, the Minister of Finance, who is sitting over there, announced that the days of bickering between federal and provincial governments were over. He should go and tell that to Quebec's Premier Jean Charest, who is upset with this Prime Minister for renegeing on the promise made to Quebecers.

Why does the government view renegeing on promises as the best way to manage our country and this federation?

• (1435)

[English]

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, the member opposite suggests that I say this to Premier Charest. I can assure her that I have. I said it to him this weekend as a matter of fact.

Quebec will receive \$8.3 billion in equalization this year, a 70% increase from the time of the Liberal government in Canada. No wonder the Liberals are supporting our budget bill.

* * *

[Translation]

THE ENVIRONMENT

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Speaker, the Premier of Quebec, Jean Charest, said that the federal government has some catching-up to do when it comes to global warming. Its refusal to implement the Kyoto protocol hurts Quebec, which has reduced its greenhouse gas emissions by 1.2% since 1990, while Alberta has increased its emissions by 36.6% and Saskatchewan has increased its by 63.4%.

Will the minister admit that if he refuses to establish a carbon exchange with 1990 as the base year, it will be because he has decided to reward the big polluters to the detriment of Quebec?

Hon. Jim Prentice (Minister of the Environment, CPC): Mr. Speaker, I have been talking to Line Beauchamp, Quebec's minister of sustainable development, environment and parks, and we are making progress.

That is not the real question though. The real question is where the Bloc stands. Last month, it and its coalition partners wanted a carbon exchange with the United States. This month, it wants a carbon exchange with Europe. What is the Bloc's real position?

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Mr. Speaker, this is the Bloc's position: we want a carbon exchange with 1990 as the base year. That is the reality.

Does the Minister of the Environment not find it pretty pathetic that one of the first things he did in his dealings with the American president was to defend the oil sands? In doing this, he turned himself into a lobbyist for big oil. That is what is pathetic about this Parliament.

Hon. Jim Prentice (Minister of the Environment, CPC): Mr. Speaker, if the Bloc has not read the budget, at least it could read the document drawn up by the coalition, which is in perfect agreement with our government's position.

Our government is working together with the United States and the new president, President Obama, on a North American exchange system to reduce greenhouse gas emissions.

Ms. Christiane Gagnon (Québec, BQ): Mr. Speaker, as the evidence grows regarding federal government negligence in the contaminated water scandal in Shannon, the minister responsible for the Quebec City region does nothing. She should be dealing with this tragedy in human terms and, first and foremost, taking action to resolve this matter.

Will the minister responsible for the Quebec City region now acknowledge the federal government's responsibility and tell us what she intends to do to help the residents of Shannon?

Oral Questions

Hon. Peter MacKay (Minister of National Defence and Minister for the Atlantic Gateway, CPC): Mr. Speaker, as I said last week, the Government of Canada and the department are continuing to work with all parties involved. The Canadian Forces base in Valcartier is providing drinking water for all employees and Canadian Forces members and their families.

In recent years, we have spent nearly \$40 million on projects to improve and maintain the water supply system. We have continued the job with all those involved in the matter.

Ms. Christiane Gagnon (Québec, BQ): Mr. Speaker, I would remind the minister that there is a shortfall of \$13 million to connect the water supply in Shannon.

During the election campaign, however, the minister responsible for the Quebec city region travelled throughout the region encouraging people to vote for candidates who would be in a position to make decisions. And yet, this same minister is today hiding behind procedures to justify her silence and inertia.

Now that she is in power, why is she not acting and getting her government to act in Shannon?

• (1440)

Hon. Peter MacKay (Minister of National Defence and Minister for the Atlantic Gateway, CPC): Mr. Speaker, I know that my colleague from Quebec is working very hard in this matter. Unfortunately, there is currently a case before the Quebec Superior Court in this matter.

At the same time, the government fully grasps the situation of the people of Shannon. We are working with all the other departments of this government to come up with a solution in order to protect the health of the people of Shannon.

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NUCLEAR ENERGY

Hon. Albina Guarnieri (Mississauga East—Cooksville, Lib.): Mr. Speaker, last week, we were stunned to hear the Minister of Natural Resources tell the House that she was not aware of “some of the details that have subsequently come to light” in the media concerning the radioactive leak at Chalk River. When it comes to nuclear safety, the lives of Canadians really are in the hands of the minister.

I would simply like to know why the media know more than the minister about the matter?

[*English*]

Hon. Lisa Raitt (Minister of Natural Resources, CPC): Mr. Speaker, as we indicated last week, we are very concerned about the issues that were brought forward in the media reports regarding the Chalk River facility. The Canadian Nuclear Safety Commission has assured me in a news release that was put out last week that there is no leak into the Ottawa River. I would refer the member to that statement.

The health and safety of Canadians has always been our number one priority. To that point, we have asked for a report from the Canadian Nuclear Safety Commission and from AECL regarding this incident so that we can get to the bottom of the matter.

Hon. Albina Guarnieri (Mississauga East—Cooksville, Lib.): Mr. Speaker, the minister might do well to get media briefings from Greg Weston; she might know more about what is happening in her portfolio.

After last year's shutdown over safety concerns, the public was right to expect its government to be monitoring the plant more closely than ever and reporting incidents to the public immediately.

How will the minister guarantee that the public will not continue to need media leaks to find out about radioactive leaks?

Hon. Lisa Raitt (Minister of Natural Resources, CPC): Mr. Speaker, I thank the member for her advice on the matter. As I indicated before, there were difficulties on December 6 and I learned about those difficulties soon thereafter. I was not aware of some of the details that have come to light subsequently.

However, we have asked for a report into the matter from the Canadian Nuclear Safety Commission and from AECL. Through those reports that will come to the office from my officials, we will get to the bottom of it and we will deal with it appropriately.

* * *

EQUALIZATION PAYMENTS

Mr. Todd Russell (Labrador, Lib.): Mr. Speaker, last week the Government of Newfoundland and Labrador asserted that changes to the equalization formula, which affects Atlantic accord payments, would gouge the province of up to \$1.6 billion over the next three years. Other estimates are being tossed around.

Clearly, there is a need for transparency and openness. Sadly, that transparency and openness is lacking.

Will the finance minister put everything on the table and release his detailed calculations and projections that show the full impact of his changes?

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, the member opposite is welcome to come to my office right after question period for a briefing by finance officials. He can have all the details he wants about equalization in Canada.

What he will not get is unequal equalization. Across Canada we are restraining the growth of equalization so that it does not grow at 15%—

Hon. Gerry Byrne: So O'Brien got it wrong. Is that what you are saying? O'Brien got it wrong.

Hon. Jim Flaherty: The member is screeching over there, Mr. Speaker. I know screech is a product of Newfoundland, but my friend should relax. He is being a bit noisy. I can hardly speak.

The member for Labrador is welcome to come to the office at 3 o'clock and look at all the data.

Oral Questions

Mr. Todd Russell (Labrador, Lib.): Mr. Speaker, the question is simple. Is he or is he not changing the provisions in the 2007 budget that allows a province to choose to exclude either 50% or 100% of the value of its natural resources from equalization, yes or no?

Hon. Jim Flaherty (Minister of Finance, CPC): The answer is simple, Mr. Speaker. Newfoundland and Labrador cannot choose unrestrained O'Brien. If the member wants to know more, if he wants to study the data, he can come to my office immediately after question period.

* * *

• (1445)

CORRECTIONAL SERVICE CANADA

Mr. Rick Norlock (Northumberland—Quinte West, CPC): Mr. Speaker, the ongoing presence of illegal drugs within our federal prisons is a serious problem. The only way to eliminate drugs from our prisons is to provide Correctional Service Canada with the resources it needs to first stop the smuggling of drugs into prisons and to find those drugs that make their way into the prison community.

Could the Minister of Public Safety tell the House how this government is making meaningful strides to eliminate drugs from our federal prisons?

Hon. Peter Van Loan (Minister of Public Safety, CPC): Mr. Speaker, I thank the member for Northumberland—Quinte West for his hard work and interest in crime and justice issues.

Substance abuse and addiction are the root causes of many of the reasons why individuals are in prison. Furthermore, illegal drugs in prisons undermine rehabilitation and increase the likelihood of reoffend. That is why we have invested significantly to increased security to prevent the smuggling of drugs into our corrections facilities.

As part of Correctional Service Canada's new anti-drug strategy, we are using a tough approach to keep our prisons safe and, by extension, to keep our communities safer.

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THE BUDGET

Mr. Jack Harris (St. John's East, NDP): Mr. Speaker, this budget fails the people of Newfoundland and Labrador. This Conservative budget will cut the equivalent of \$3,000 for every man, woman and child in the province.

After years of struggling to stand on our own, the Prime Minister, with the complicity of the Liberal Party, is sticking it to the people of Newfoundland and Labrador.

Will the finance minister confirm that Newfoundland and Labrador will be short-changed over \$1.5 billion, \$415 million this year alone?

Hon. Jim Flaherty (Minister of Finance, CPC): Not at all, Mr. Speaker. The reality is Newfoundland and Labrador is one of the more prosperous provinces in Canada today. This is a good thing and I think the member opposite would agree.

We have also seen growth in the transfers, particularly to equalization, grow at an unsustainable rate for our country, particularly during a global synchronized recession which is affecting our country.

If what the member is asking is for unrestrained growth in one province in Canada, the answer is no.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Mr. Speaker, the truth of the matter is the government broke its word on equalization and now it is breaking its word on health care by cutting back the Canada health transfer. British Columbia loses \$106 million, Quebec, \$83 million, Newfoundland and Labrador, \$78 million, Alberta, \$38 million and in my home province of Manitoba, \$13 million have been lost in health transfers. This means more lineups for surgery, more hallway medicine, more doctors and nurse shortages.

Will the government do the right thing and restore the Canada health transfer?

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, there will be no reductions in Canada health transfers as I said in the House. In fact, a big difference between now and back in the 1990s, as the government faces a difficult financial situation, a difficult fiscal situation, we are not reducing the Canada health transfer. It remains at 6%, the same with the Canada social transfer at 3%. This is a marked change from what went on 10 years ago. We will not finance the challenges that we have during a recession on the backs of the hospitals and universities—

The Speaker: The hon. member for Saint-Bruno—Saint-Hubert.

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[Translation]

CULTURE

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): Mr. Speaker, the Minister of Canadian Heritage and Official Languages got a lot of people's hopes up when he came to Quebec in January to meet with members of the cultural community. He was supposed to be a good listener. Today, though, *Le Devoir* is reporting that the minister pulled the wool over everyone's eyes, because he has not restored the \$5 million he cut for foreign tours by artists.

Will the minister admit that he is trying to make something new out of something old, because most of the money he is announcing will go to extending existing programs?

Hon. James Moore (Minister of Canadian Heritage and Official Languages, CPC): Mr. Speaker, what I said was that the Trade Routes program was a \$7 million program where it cost \$5 million to produce \$2 million in benefits. That is an unacceptable waste of taxpayers' money. We therefore eliminated the program, but reinvested the \$7 million in arts and culture programs. This year, our government is investing \$2.3 billion in arts and culture. The Bloc Québécois always, always votes against our country's artists.

• (1450)

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): Mr. Speaker, artists are calling on the government to restore the \$2 million that went directly to them through the Trade Routes program. The infrastructure money is nothing but an extension of existing programs.

The minister can go on and on about how his budget is a good thing, but artists like Stanley Péan of the Mouvement pour les arts et les lettres have not reacted kindly. One wonders how the minister would respond to Mr. Péan's description of his budget as a big fat zero.

Hon. James Moore (Minister of Canadian Heritage and Official Languages, CPC): Mr. Speaker, that is wrong. This budget contains \$276 million in new money for arts, culture and heritage in our country. The *Globe and Mail* says that the scale of this year's cultural spending far surpasses that in last year's plan. The Canadian Museums Association welcomes the investments in arts and culture. The Just for Laughs Festival is happy. The director of the National Ballet School says they are very happy with the funding the school is receiving and that this government represents them—

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[English]

TRADE

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, in view of the very serious consequences that may occur from the proposed buy American policy, I wonder if we could approach it from a bit of a different perspective.

Could the minister acknowledge that what we have failed to do, or it appears we have failed to do, is coordinate the special nature of the government's stimulus package with our largest trading partner?

In view of the fact that thousands of steelworkers' jobs are at risk, does the government have a plan to coordinate those two stimulus packages?

Hon. Stockwell Day (Minister of International Trade and Minister for the Asia-Pacific Gateway, CPC): Mr. Speaker, I am glad my hon. colleague and friend has talked about the government's package. Our comprehensive action plan is a sweeping, comprehensive and strategic plan to see Canadians working, to see investment coming in and to see capital moving throughout the country.

As far as coordinating with the U.S. on its stimulus package, in the auto sector the Minister of Industry monitored that very carefully and responded in a proportional way. Even before the bill reached the Senate, we were engaged at the diplomatic level warning the Americans about the dangers of that bill.

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, in the Prime Minister's own backyard, Evraz has just announced it will be laying off 400 steelworkers. That is across western Canada. The sharpest cuts will be in Calgary and Camrose.

Again, on behalf of the House, what will the government do so our steelworkers will not lose their jobs?

Hon. Stockwell Day (Minister of International Trade and Minister for the Asia-Pacific Gateway, CPC): Mr. Speaker, the very reason we have a comprehensive action plan is to see that our

Oral Questions

economy is stimulated. On the infrastructure side alone, projects that were at one time planned to be spread over seven years are accelerated, many will take place this year. Within the next two years, there will be demands for workers like those in the steel industry.

We are concerned about what is happening in the economy. We have taken steps. That is why the Canadian economy and the banking system is acknowledged as one of the most stable in the world. As the OECD evaluates what countries are in better shape than others, it projects that Canada will weather these storms.

* * *

STATUS OF WOMEN

Ms. Irene Mathyssen (London—Fanshawe, NDP): Mr. Speaker, the Conservative budget mentions women zero times, not one word about women even though they are most likely to be the ones who will suffer most from the recession: no pay equity, no change to employment insurance eligibility. The government is leaving women out in the cold.

Extending benefits for five weeks does not help the two-thirds of working women who do not even qualify for benefits. Why does the government continue to ignore women at a time when they need the support most?

Hon. Helena Guergis (Minister of State (Status of Women), CPC): Mr. Speaker, I would ask the member to take a moment to read the budget because it does in fact mention women. I think it is important that not only have we increased the funding at Status of Women, we have streamlined the funding. We now have two components, the partnership fund and the community fund.

I think the member will be pleased to know that the number of organizations now receiving funding through Status of Women has increased by 69%.

* * *

• (1455)

EMPLOYMENT INSURANCE

Ms. Irene Mathyssen (London—Fanshawe, NDP): Mr. Speaker, since last year alone, London has seen a 47% spike in employment insurance claims. To make matters worse, Electro-Motive Diesel just announced 600 more layoffs. Workers are counting on EI, but instead they get insults from an out-of-touch minister.

This is not about paying people to sit at home; it is about ensuring they have a home. The minister's comment about EI being a lucrative incentive to stay at home is insulting to hard-working Canadians who have been thrown out of work through no fault of their own.

Oral Questions

Hon. Diane Finley (Minister of Human Resources and Skills Development, CPC): Mr. Speaker, what is really insulting is the NDP's position, as stated by numerous of its caucus members, that people over 50 cannot learn new jobs. I find that extremely offensive. The NDP should apologize for saying that anybody over 50 cannot learn new jobs and should not work. We believe they can, and that is why we are investing in them.

* * *

TRADE

Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC): Mr. Speaker, with the global economy in crisis, Canadians are worried that the proposed U.S. stimulus package contains protectionist measures that would close the door on Canadian steel. Thousands of jobs in my community of Hamilton and in other communities across Canada depend on a vibrant Canadian steel industry.

Following the world economic forum in Davos, could the Minister of International Trade tell the House what the Conservative government is doing in response to their protectionist proposals?

Hon. Stockwell Day (Minister of International Trade and Minister for the Asia-Pacific Gateway, CPC): Mr. Speaker, I thank the member for Ancaster—Dundas—Flamborough—Westdale for his constant advocacy on behalf of his constituents and also the economy.

We are very concerned that the direction we see in the United States of protectionist activity can be a drag on the world economies as various countries might want to retaliate with this type of measure. That is why even before the bill hit the senate, we were involved, intervening at the diplomatic level, to do what we could to try to convince it to take a look at the negative effects of that bill. We will continue to do that.

* * *

EMPLOYMENT INSURANCE

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Mr. Speaker, last Thursday the minister responsible for EI made remarks that showed a total lack of respect for Canadian workers. She said, "We do not want to make it lucrative for them to stay home and get paid for it".

Is the minister suggesting that some workers would choose to be unemployed and earn just a fraction of their working wage? How out of touch is that? Why does the minister not stop making excuses and stop changing the subject? Why does she not stand up for the unemployed who she is supposed to represent? Why does she not rise in the House and apologize for those comments?

Hon. Diane Finley (Minister of Human Resources and Skills Development, CPC): Mr. Speaker, we know that it is a real shock to any family when a member gets laid off, particularly through circumstances beyond their control. That is why we are extending benefits in our economic action plan. Above regular benefits, we are adding another five weeks to help these people. We are providing more in terms of work-sharing and expanding it so that people can retain and preserve their jobs.

We are also investing very heavily in helping those who are unfortunate enough to lose their jobs to get the training and the skills so they can get back to work with the jobs of today and tomorrow.

* * *

[Translation]

NATIONAL BATTLEFIELDS COMMISSION

Mr. Roger Pomerleau (Drummond, BQ): Mr. Speaker, the National Battlefields Commission, which is responsible only for the Plains of Abraham and the surrounding area, has decided to mark the 250th anniversary of the events there by re-enacting the battle and holding a masquerade ball.

Will the minister responsible for the National Battlefields Commission demand—for obvious reasons—that it cancel this re-enactment and masquerade ball?

Hon. Josée Verner (Minister of Intergovernmental Affairs, President of the Queen's Privy Council for Canada and Minister for La Francophonie, CPC): Mr. Speaker, I just want to remind the Bloc member that this is a historical event and not a political activity. The president of the National Battlefields Commission has provided assurances that this historical commemoration will be handled in a very respectful way. That being said, people who want to attend can and those who do not want to attend can stay home.

* * *

• (1500)

[English]

THE BUDGET

Mr. Dennis Bevington (Western Arctic, NDP): Mr. Speaker, we know the Prime Minister does not believe in his own budget. In fact, in 1995 in the *Calgary Herald*, the Prime Minister said that infrastructure programs are a waste of time and a drain on long-term job creation.

The shared cost program leaves our mayors between a rock and a hard place. Either they raise property taxes, something they cannot do, or say goodbye to much needed infrastructure money. Why has the government set up an infrastructure program designed to fail our municipalities?

Hon. John Baird (Minister of Transport, Infrastructure and Communities, CPC): Mr. Speaker, we are committed to working with provinces, municipalities, community groups and others to make things happen on infrastructure spending.

If we do not have the confidence of the member opposite, let me say that if he is concerned about municipalities being able to step up to the plate, he should just look at what one of our colleagues in the House of Commons said:

If presented with the opportunities, a municipal government will find the dollars to match federal and provincial contributions.

Who said that? The Liberal member for Moncton—Riverview—Dieppe.

Some hon. members: Oh, oh!

The Speaker: Order. The hon. member for Ottawa—Orléans.

Mr. Royal Galipeau (Ottawa—Orléans, CPC): Mr. Speaker, following comprehensive consultations, our government has shown that we listen to Canadians and respond in a proactive manner.

Last Tuesday, we revealed an economic action plan that effectively stimulates the economy, protects Canadians and ensures we enjoy long term prosperity even during this world financial crisis.

[*Translation*]

Can the Minister of National Revenue explain to the House the initiatives that the government has proposed to stimulate construction and encourage families to buy their first home?

Hon. Jean-Pierre Blackburn (Minister of National Revenue and Minister of State (Agriculture), CPC): Mr. Speaker, I want to thank the hon. member for Ottawa—Orléans for his good question and his interest in budget matters. We all know how important it is to stimulate the economy, and one of the ways of doing this is to help people who want to buy their first home. We are going to give them a \$750 tax credit.

In addition, people can use up to \$25,000 from their RRSPs to buy a home. It is interesting to note that by stimulating the economy we will be creating jobs and helping the forestry industry.

[*English*]

The Speaker: That will bring to a conclusion our question period for today. I believe the hon. Minister of Finance has a notice.

* * *

WAYS AND MEANS

NOTICE OF MOTION

Hon. Jim Flaherty (Minister of Finance, CPC): Mr. Speaker, pursuant to Standing Order 83(1) I have the honour to table a notice of a ways and means motion to implement certain provisions of the budget tabled in Parliament on January 27, 2009, and related fiscal measures.

I ask that an order of the day be designated for consideration of the motion.

ROUTINE PROCEEDINGS

[*English*]

CONFLICT OF INTEREST AND ETHICS COMMISSIONER

The Speaker: Pursuant to Section 15(3) of the Conflict of Interest Code for members of the House of Commons, it is my duty to lay upon the table the list of all sponsored travel by members for the year 2008 as provided by the Conflict of Interest and Ethics Commissioner.

* * *

FAMILY HOMES ON RESERVES AND MATRIMONIAL INTERESTS OR RIGHTS ACT

Hon. Chuck Strahl (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status

Routine Proceedings

Indians, CPC) moved for leave to introduce Bill C-8, An Act respecting family homes situated on First Nation reserves and matrimonial interests or rights in or to structures and lands situated on those reserves.

(Motions deemed adopted, bill read the first time and printed)

* * *

● (1505)

TRANSPORTATION OF DANGEROUS GOODS ACT, 1992

Hon. John Baird (Minister of Transport, Infrastructure and Communities, CPC) moved for leave to introduce Bill C-9, An Act to amend the Transportation of Dangerous Goods Act, 1992.

(Motions deemed adopted, bill read the first time and printed)

* * *

NATIONAL FISH AND WILDLIFE HERITAGE COMMISSION ACT

Hon. Larry Bagnell (Yukon, Lib.), seconded by the member for Yorkton—Melville, moved for leave to introduce Bill C-277, An Act to establish a National Fish and Wildlife Heritage Commission and to re-establish the Survey on the Importance of Nature to Canadians.

He said: Mr. Speaker, as co-chair of the outdoors caucus, I am very happy to introduce a bill to establish the national fish and wildlife heritage commission, and to re-establish the survey on the importance of nature to Canadians.

Millions of Canadians participate in hunting, fishing and outdoor activities. It is a huge component of our tourism industry and it is very important that we do a lot of conservancy to preserve these resources. It is also important to make sure that harmful species are not introduced to our lakes and streams, and to make sure that there is greater youth involvement and awareness of these activities.

It is important to make sure there is no derogation of aboriginal rights. This is a very exciting initiative and I look forward to the support of the entire House.

(Motions deemed adopted, bill read the first time and printed)

* * *

ACCESS TO INFORMATION ACT

Hon. Larry Bagnell (Yukon, Lib.) moved for leave to introduce Bill C-278, An Act to amend the Access to Information Act (response time).

He said: Mr. Speaker, I am delighted to introduce my private member's bill that calls for greater transparency from the government in the area of access to information. It will help improve the speed of answers to access to information requests.

Routine Proceedings

Many members know, from reading news reports of the annual report of the Information Commissioner of Canada, that there is a need for amendments to the Access to Information Act. My bill would have the government explain why an access to information request was not completed within 100 days, and set a projected completion date for the information to be released. This bill will bring greater transparency and clarity to access to information.

If it takes over 100 days to reply, it really makes a joke of the system. If a request is not completed within 100 days, the government will have to report to the person on the reasons why. It will also have to report to the Information Commissioner and the Information Commissioner's annual report will show which agencies have these outstanding reports.

Hopefully, this will make the system more effective and I hope all parliamentarians will support such an improvement.

(Motions deemed adopted, bill read the first time and printed)

* * *

EMPLOYMENT INSURANCE ACT

Mr. Malcolm Allen (Welland, NDP) moved for leave to introduce Bill C-279, An Act to amend the Employment Insurance Act (amounts not included in earnings).

He said: Mr. Speaker, I would first like to thank my colleague from Acadie—Bathurst for seconding this bill.

The purpose of this bill is to ensure that those hard-working Canadians who have been working all the time and are indeed entitled to severance pay, keep that severance pay. At a moment in time when every penny counts for hard-working Canadian families when they are laid off, it needs to continue to be in their hands. To take that money away from them before they are eligible to collect employment insurance is a travesty.

It is an insurance plan that workers and their employers have paid into. It is not the benevolence of government that gives them money. It is their money that they are actually repatriating to themselves.

The workers in my constituency of Welland are extremely hard hit by this economic downturn. In fact, this very day, Lakeside Steel has laid off 84 more workers and is closed for the entire week. Before all of their savings are gone, workers ought to be entitled to employment insurance, and their severance packages and their pensions ought to be secure.

(Motions deemed adopted, bill read the first time and printed)

* * *

● (1510)

[*Translation*]

EMPLOYMENT INSURANCE ACT

Mrs. Carol Hughes (Algoma—Manitoulin—Kapuskasing, NDP) moved for leave to introduce Bill C-280, An Act to amend the Employment Insurance Act (qualification for and entitlement to benefits).

She said: Mr. Speaker, I would like to thank my hon. colleague from Acadie—Bathurst for seconding the bills I am tabling today.

[*English*]

My first bill that I would like to introduce would be to lower the threshold for becoming a major attachment claimant to 360 hours, make special benefits available to those with that level of insurable employment, set the weekly benefit payable to 55% of the average weekly insurable earnings during the highest paid 12 weeks in the 12 month period preceding the interruption of earnings, reduce the qualifying period before receiving benefits, and remove the distinction made in the qualifying period on the basis of the regional unemployment rate.

(Motions deemed adopted, bill read the first time and printed)

* * *

[*Translation*]

EMPLOYMENT INSURANCE ACT

Mrs. Carol Hughes (Algoma—Manitoulin—Kapuskasing, NDP) moved for leave to introduce Bill C-281, An Act to amend the Employment Insurance Act (benefit period increase).

She said: Mr. Speaker, again, I thank my hon. colleague from Acadie—Bathurst for seconding this bill, which amends the Employment Insurance Act to increase the benefit period for claimants 45 years of age or over who are laid off permanently after 10 years or more in the labour force.

This would help my constituents greatly. I hope that we will move forward with this bill.

(Motions deemed adopted, bill read the first time and printed)

* * *

PETITIONS**INTERPROVINCIAL BRIDGE**

Hon. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Speaker, it is my pleasure to present a petition on behalf of fellow citizens from the national capital region. It deals with the issue of heavy-truck traffic in the downtown core of the nation's capital.

For a number of reasons, these petitioners call upon the government to instruct the National Capital Commission to proceed with a detailed assessment of option 7, that is, an interprovincial bridge linking the Canotek industrial park to the Gatineau airport, as part of the second phase of an assessment regarding an interprovincial crossing in the national capital region.

I have the honour of tabling this petition asking that the government take appropriate action.

Government Orders

●(1515)

[English]

OPPOSITION COALITION

Mr. Leon Benoit (Vegreville—Wainwright, CPC): Mr. Speaker, I am proud to present a petition on behalf of constituents wherein they note that during the October election Canadians gave the Conservative Party a clear and strengthened mandate to lead Canada through the global economic crisis. They note that the opposition parties are looking to impose an unstable, unelected Liberal-NDP-separatist coalition that would destabilize our country. The petitioners further note that Canadians have a democratic right to choose who will govern them and not have a surprise prime minister chosen through an unseemly undemocratic backroom deal.

They call on Parliament to oppose any political arrangement that would replace a democratically elected government without first consulting Canadians through an election.

AGE OF CONSENT

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Mr. Speaker, a number of the constituents of Kamloops—Thompson—Cariboo are very concerned about the sexual exploitation of children. Therefore, the petitioners are calling upon Parliament to protect our children by taking all necessary steps to raise the age of consent from 14 years to 18 years of age.

NATURAL HEALTH PRODUCTS

Mr. John Cummins (Delta—Richmond East, CPC): Mr. Speaker, I wish to present a petition signed by some of my constituents regarding what was Bill C-51, the natural health products bill. They express concern that if the bill goes ahead, 60% to 70% of natural health products may be taken from Canadian stores. They call on the government to stop the bill.

DARFUR

Hon. John McKay (Scarborough—Guildwood, Lib.): Mr. Speaker, I have a petition drawing the attention of the House to the situation in Darfur.

The petitioners call on Parliament to pressure the Sudanese government to allow the full 26,000 UN peacekeeping force into the region; to pressure the Sudanese government to begin peace talks with the Janjaweed and various other liberation movements; to increase the land based humanitarian relief efforts; to pressure the U. S. and Canadian governments and other world leaders to increase land based humanitarian relief efforts; and to encourage surrounding governments to allow refugee sanctuaries.

EMPLOYMENT INSURANCE

Mr. Mark Warawa (Langley, CPC): Mr. Speaker, I wish to present a petition from my constituency of Langley. It says that there are a number of life threatening conditions which do not qualify for disability programs and that current medical employment insurance benefits of 15 weeks do not adequately address the problem.

The petitioners are asking that the House of Commons enact legislation to provide additional medical EI benefits to at least equal medical maternity EI benefits.

QUESTIONS ON THE ORDER PAPER

Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons, CPC): Mr. Speaker, I ask that all questions be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[Translation]

CANADA-EFTA FREE TRADE AGREEMENT
IMPLEMENTATION ACT

The House resumed consideration of the motion that Bill C-2 An Act to implement the Free Trade Agreement between Canada and the States of the European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland), the Agreement on Agriculture between Canada and the Republic of Iceland, the Agreement on Agriculture between Canada and the Kingdom of Norway and the Agreement on Agriculture between Canada and the Swiss Confederation be read the second time and referred to a committee.

The Speaker: When debate was interrupted prior to question period, the hon. member for Berthier—Maskinongé had the floor. He has 15 minutes to complete his remarks.

The member for Berthier—Maskinongé.

Mr. Guy André (Berthier—Maskinongé, BQ): Mr. Speaker, I thank you for allowing me to continue my remarks. I will repeat part of my speech on Bill C-2 An Act to implement the Free Trade Agreement between Canada and the States of the European Free Trade Association. Earlier, I examined the advantages and disadvantages of this agreement. There are, of course, more advantages than disadvantages and this is why we are supporting this free trade agreement.

One major disadvantage, however, involves the shipbuilding industry. We in fact tabled a motion with the Standing Committee on International Trade to have government support the shipbuilding industry in the coming years. When this agreement comes into effect, Norway's significant investment in its industry could pose a threat to the economic viability of some Quebec and Canadian businesses.

I continue in this regard. We might well expect that Swiss pharmaceutical companies might consider manufacturing their products in Quebec in an effort to penetrate the American market more easily. This would be an advantage for Quebec and would mean more investment there. This is one reason we support the agreement.

Government Orders

Let us take a look at the case of Norway. Nickel represents over 80% of Canada's exports to Norway. This is another advantage. The largest mine in Canada, which belongs to a Swiss company and is third largest in the world, is located in Quebec, in Ungava. So the agreement could significantly benefit Quebec and its mining industry.

I could list other benefits, but, overall, we support this agreement because it offers sizeable trading possibilities for Quebeckers. It has the added benefit of not incorporating the failings of previous agreements. For example, as we all know, the North American Free Trade Agreement and the agreements with Costa Rica and Chile contain an unfortunate chapter on investment. There is the agreement the Conservatives have just signed with Colombia, a country with a poor human rights, labour and environmental record, which is not the case in this agreement. The chapter in question allows businesses to sue a government adopting measures that limit their profits.

This sort of provision is not contained in the free trade agreement with Europe, which pleases the Bloc Québécois. In short, these four European countries respect human rights and, of course, workers' rights.

I should also say that the Free Trade Agreement between Canada and the States of the European Free Trade Association covers only goods and not services. This provision ensures that services to the public will not be opened to competition, whether they are provided by the government or not, because they are simply not included. The same is true of financial services. Bankers will therefore not be exposed to competition from the famously efficient Swiss banking system.

This is also true of government procurement. The federal government will be able to give preference to Canadian suppliers, except as provided in the WTO agreement on public procurement. This is very important because the federal government is the largest purchaser of goods and services in Canada.

I would also like to mention agriculture and especially supply management. My colleague from Richmond—Arthabaska tabled a motion protecting supply management in Quebec and Canada. This is also very important in my riding of Berthier—Maskinongé. The Bloc Québécois and our colleague, who had this motion passed, will continue to defend supply management and insist on preserving it in its entirety.

● (1520)

We do not think that this agreement poses any threat to the integrity of the supply management system. We are very proud of how we protect supply management, hence the importance of the Bloc Québécois, which made sure that this motion was passed. We believe that our farmers and consumers are best served by this system.

It is hardly surprising that the Bloc Québécois would continue to insist on preserving the supply management system under this agreement. We are satisfied with the bilateral agricultural accords in it because goods produced under supply management are still protected, and that is the important thing.

The agricultural agreement with Switzerland provides for the elimination of the within-quota tariff, but this applies only to the

market segment already covered by imports. The elimination of this tariff will therefore have only a marginal impact on our dairy farmers because the tariff quotas and the over-quota tariffs stay the same. We should also not forget that milk proteins are excluded from the agreement. On the other hand—and this is very important—the elimination of the 7% tariff under this agreement makes it even more imperative for the federal government to maintain a firm position at the WTO, that is to say, supply management is simply non-negotiable and the Bloc Québécois will continue to insist that the supply management system be defended in its entirety at the WTO. I hope that the Conservatives and their Liberal friends—who sometimes surprise us, as with the passage of this budget—have fully understood this message.

However, we are worried about the future of our shipyards. I spoke about this a little bit before question period, but I want to come back to this very important point within this agreement. At present, imported vessels are subject to a 25% tariff. Under the agreement, these tariffs will gradually decrease and will be completely phased out in 15 years. Obviously the planned adjustment period will not be useful unless it is coupled with a vigorous adjustment and modernization program for shipyards.

Norway has grasped this quite well. In recent years, the Norwegian government has invested heavily in modernizing its shipyards. Because it receives support from its government, the industry in Norway is now productive and highly competitive in foreign markets. In Canada, the federal government, be it Liberal or Conservative, has done nothing to support our shipbuilding industry. It has not supported shipbuilding since 1988. The Liberals and Conservatives have totally neglected, if not abandoned, our shipyards to the point where today they are less modern, less productive and thus less and less competitive in international markets.

With this free trade agreement, the federal government cannot drag its heels any longer. We have 15 years—a decent amount of time—to prepare ourselves before the tariffs on imported vessels are phased out completely, hence the importance of implementing a real maritime policy. This is the only recommendation that was included in the report from the Standing Committee on International Trade and it was part of a Bloc Québécois motion moved at this committee.

This is the motion, and I hope that the government will take action to this effect:

—the Canadian government must without delay implement an aggressive Maritime policy to support the industry, while ensuring that any such strategy is in conformity with Canada's commitments at the WTO.

● (1525)

The purpose of the motion was to urge the government to take action and introduce a comprehensive support strategy for the shipbuilding industry, a strategy to facilitate the industry's access to capital, stimulate investment, give preference to local suppliers in public procurement and, of course, encourage shipowners to buy their ships here at home.

After so many years of government inaction and apathy with respect to the many challenges facing our shipbuilding industry, the federal government must bring forward, without delay, an effective, comprehensive policy to support and develop the shipbuilding sector in Quebec and Canada.

When it comes to supporting industrial sectors that are experiencing problems, the Conservative government practises a laissez-faire approach. For shipyards, as for the manufacturing sector—a major presence in my riding, Berthier—Maskinongé—in which Quebec has lost thousands of jobs, we believe that this laissez-faire policy is totally irresponsible and must stop.

I have to say that, in light of the Conservatives' most recent budget, which received Liberal support, we will have to devote a lot of energy to making sure that the federal government does not abandon Quebec's shipbuilding industry. In the latest budget, the Conservative leader chose to respond to the demands of Ontario and its automotive industry by offering some \$4 billion in assistance, while Quebec's manufacturing sector will be getting just a few million dollars.

These measures, which are unfair to Quebec and were supported by the leader of the Liberal Party, are further proof that we must be vigilant. Let me make it very clear that we still believe this free trade agreement is a good thing, and we support it. But we have to insist that the federal government bring forward an effective plan to help the shipbuilding industry. Promises are not enough when it comes to this.

I would like to close by emphasizing that I think this free trade agreement is a step in the right direction. As I said earlier before question period, I think it is important to diversify our markets and reduce our dependency on U.S. markets. This agreement with the European Free Trade Association is a good one, but it is limited. What we really want is the power to sign a free trade agreement with the European Union that will produce meaningful, productive results in all of our trade with European countries.

Although the four countries that make up this association represent only 1% of Canadian imports, the European Union has 495 million inhabitants who generate nearly 31% of global gross domestic product. The fact that Canada has not yet signed a free trade agreement with the European Union considerably diminishes the competitiveness of our businesses on the European market. It is important to note, for example, that Mexico has had a free trade agreement with the European Union since 2000. Thus, a company that does business in Mexico would definitely have a greater interest in moving part of its production there, since that would open up access to the European market, while maintaining its access to the American market through NAFTA. This situation must be corrected.

We support the agreement we are discussing here today, but negotiations must be ramped up, so that a free trade agreement between Canada and the European Union can finally be reached. Furthermore, a free trade agreement with the European Union would also prove beneficial in terms of investments. Indeed, together with NAFTA, the agreement would make it attractive for European companies to use Quebec and Canada as their gateway to the North American market and consequently to move some of their production here.

Government Orders

As a final point, since nearly 40% of European investments in Canada are in Quebec, it would certainly be a desirable location for European companies that want to invest in North America. We hope this government will quickly reach an agreement with the European Union, because it would be the best way to diversify our economy.

● (1530)

[*English*]

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, I understand the premise of my colleague's comments that trade deals are not inherently a bad thing. If they can assist our economy, our workers and our material products, that is a good thing, but the reality is that in every trade deal one has to trade something away to get something back.

In an earlier intervention, my colleague indicated that this is possibly a very good deal for pharmaceutical companies, but as he has pointed out, it is not such a great deal for shipbuilding companies. In fact, in 2001, gentlemen he is probably aware of, Philippe Tremblay, Les Holloway, Peter Cairns and Peter Woodward, along with Brian Tobin, the industry minister at the time, came up with some recommendations. The document, "Breaking Through", gave five recommendations for the shipbuilding industry. Unfortunately, it is eight years later and not one of those recommendations has been implemented.

If this bill ends up in committee and the government refuses to accept any amendments that would assist in aiding the shipbuilding industry, will he on behalf of his party continue to support this deal, if there are no improvements in the deal for the shipbuilding industry in this country and in Quebec?

● (1535)

[*Translation*]

Mr. Guy André: Mr. Speaker, I would like to thank my hon. colleague from the NDP for his question. I would also like to point out to him that, of course, this bill has been referred to committee. As he knows full well, a Bloc Québécois motion currently before the committee calls upon the government to provide greater support for shipbuilding.

Together with the NDP and Liberal members who voted for the motion, we will press the government to take action to support shipbuilding. However, as the hon. member indicated, other aspects of this agreement promote Quebec's interests and meet its needs.

Reference was made to the pharmaceutical industry, which we think is a very important industry, but we must not forget the nickel industry, nickel representing 80% of our exports. The largest nickel mine in Ungava is owned by a Swiss corporation. Aluminum is the main export product in Iceland as well. Again, production is overwhelmingly concentrated in Quebec. These are all reasons for us to support Bill C-2.

Government Orders

Of course, I agree with the hon. member: when the Bloc Québécois votes in favour of a bill in this House, it is always with the needs and interests of Quebecers in mind. As long as this bill meets the needs and aspirations of Quebec, we will support it. Should the bill be referred to committee and no longer meet the Bloc's expectations, we will have to reconsider.

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, I would like to ask my colleague a question. Just this morning I asked the Minister of International Trade a question about measures for the shipbuilding industry.

We know very well that Norway, a party to this free trade agreement, provided very large subsidies for many years to its industry to develop its expertise and global competitiveness. Given the new guidelines for direct subsidies to industries, Norway now has less leeway.

Today, to compete with Norway and shipbuilding firms from all over the world, Canadian and Quebec shipbuilders need a certain amount of assistance in order to modernize while tariffs are being phased out. This process will start in three years and will take place over 15 years. The Bloc Québécois presented several measures in this regard and firmly believes that the government should implement them.

I would like to go back to the question I asked the minister this morning. Rather than stating that he would be introducing measures to assist with the development of the shipbuilding industry, he merely stated that he would be watching carefully that Norway does not provide further subsidies. However, that is not the problem. If we want to have a healthy shipbuilding industry, we need to have measures in place.

I would ask my colleague to elaborate on the measures presented by the Bloc Québécois.

Mr. Guy André: Mr. Speaker, as I mentioned in my remarks, the Bloc Québécois has put forward various measures. My colleague from Sherbrooke referred to one in his question to the minister. In the budget, \$175 million is to go towards promote shipbuilding and refitting, among other things. With this agreement, the government can promote local purchasing, in Quebec and Canada, for new vessel construction. This is a step toward encouraging and supporting shipbuilding. In the case of bus manufacturing, as one example, the government spent our money in dealings with countries outside Quebec and Canada. This does not help our industries. This is a specific measure. Money has been allocated to promoting buying in Quebec and Canadian.

• (1540)

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, I listened with considerable interest to the remarks by my colleague, a former member of the Standing Committee on International Trade. I have a question for him.

In the case of softwood lumber, we saw the mistake the Bloc unfortunately made. We know just what a mistake it was to vote in favour of an agreement that cost tens of thousands of jobs in Quebec. The bill before us will do the same thing. Jobs will no doubt be lost in the shipbuilding industry in Quebec. The Conservative government will not admit this. That is their style.

I want to know whether the Bloc members are prepared to vote with the NDP to block this bill. We know it will do more harm than good to industry in Quebec and throughout Canada. It will hurt industry.

Mr. Guy André: Mr. Speaker, the question from my colleague and my former colleague on the Standing Committee on International Trade is a good one. He raises the matter of softwood lumber. It is a very good question, and I have had discussions with him a number of times to help him understand that we, the Bloc Québécois, are here to defend the interests and aspirations of Quebecers. When the softwood lumber agreement came along, unions and a number of businesses, such as Conseil de l'industrie forestière du Québec with Guy Chevrette, told us to support it. We did. We consulted all the economic players concerned with the Quebec forestry industry, which were unfortunately caught in a financial stranglehold, and they told us to sign—

Mr. Serge Cardin: By the Liberals and Conservatives.

Mr. Guy André: They were being strangled by the Liberals and Conservatives, as my colleague from Sherbrooke has said. So, they told us to sign the agreement.

In the case of this free trade agreement with the European free trade association, we will work along the same lines. If the agreement meets the needs and aspirations of Quebec, we will support it. If it does not, we will oppose it. In the present context, and as I said earlier, we support this free trade agreement in a number of sectors, such as that of the pharmaceutical industry, nickel and aluminum. Shipbuilding needs more attention in this agreement. We will work on it in committee.

[English]

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, I thank the House for the opportunity to discuss one of my favourite subjects, which is shipbuilding. Since I arrived here in June 1997, it is one of the issues that I have been raising over and over and over again. In fact, our party is the only political party that has a designated critic for the shipbuilding industry and that is because we understand the vital importance of this industry to our economy from coast to coast to coast and within our inland waters.

I also want to thank my colleague from Burnaby—New Westminster for his great work not only on the softwood lumber deal, on which he has proven to be correct time and time again, but now on the EFTA deal and the effect it will have on shipbuilders. I am not going to reiterate his speech in the House, but he quoted verbatim various people from labour and industry, as well as consultants who work in the industry and follow the industry very closely. It is their livelihood. When they appeared before the committee, they mentioned their concerns and the murky waters that Canada is getting into when it comes to this agreement and the effect it will have on the shipbuilding industry.

Government Orders

We have looked at it very carefully and the reality is this agreement will do no good for this particular industry. I know that does not sound proper English, but I do not have my thesaurus with me, so I will muddle through this. The reality is the EFTA deal will not be of any benefit at all to our shipbuilding industry. We hear consistently from the Parliamentary Secretary to the Minister of International Trade that our shipbuilders can compete with anybody in the world. He is absolutely correct, but the reality is it is very difficult to compete against a country like Norway, whose industry has been heavily subsidized for over 30 years.

We do not have much of a problem with Liechtenstein, Iceland or Switzerland. They are great countries. In other aspects of our society, when it comes to shrimp products, blueberries, possibly pharmaceuticals and others, this deal would probably be beneficial for both sides. There is nothing wrong with getting into trade deals with countries that have modern civil rights, human rights, environmental standards and labour standards. This is what we should be doing to lift the rising tides of all workers and companies in all of those countries.

However, we notice that the government signed a trade deal with Colombia. Colombia has openly had a bounty on labour personnel. If a person in the labour union is killed, there is a particular bounty. Many people from the religious and labour sectors have disappeared in Colombia and we hear from the parliamentary secretary that the Conservatives had concerns about this when they signed the deal. Well, they never should have signed the deal unless those human rights violations were addressed and stopped immediately. That is how one works on getting a proper deal.

Getting back to EFTA, the reality of the situation is that in every free trade agreement that has been signed by the United States since 1924, America, our largest trading partner, has carved out and excluded shipbuilding and marine industries from the discussions. If the United States of America, our largest trading partner, can do that, why cannot Canada? In fact, I would like to see anyone from the Liberal Party or the Conservative Party stand up and tell us in what industry, in what area we have ever asked for a carve out on anything.

We are also very concerned about our farmers and future trade deals through the WTO and all those other things and what is going to happen to supply management. As we know, when members of the Reform Party came to this House, they were opposed to supply management. Just recently, they had an epiphany and now vocally state that they support supply management. If the parliamentary secretary is to be taken at his word that our shipbuilders should be able to compete with the entire world without any protective barriers, then would the same not apply to our farmers? We know New Zealand and other countries want to get rid of our supply management, but we say no to them because we want to protect supply management. We are willing to protect a vital industry in our country called agriculture. We support that, but why then can those same principles not apply to shipbuilding?

• (1545)

Ever since 1924 the United States has carved out this industry from them. When we entered into a free trade deal with the United States in the 1980s, Senator Pat Carney from B.C. was there. The

United States brought in the Jones act which excluded shipbuilding and marine services exclusively from the trade deal with Canada. Why did it do that? Because in order to operate between New York and Florida, it has to be American built, American registered and American crude. We do not have those rules in Canada. The reality is that an American ship from Chicago can come to areas of Atlantic Canada, pick up goods and bring them back. We do not have the ability to do that with the United States because of that carve out.

When it comes to the EFTA deal, the serious concern we have is the Norwegian component. Norway is very, very anxious to get its hands on our industry, not just for the ships themselves, but also for future oil and gas exploration that may happen off the coast of British Columbia, that may happen in our Arctic and that will continue to happen on the east coast. That is really what Norway is going for.

We have heard time and time again from the Liberals and the Conservatives that we are going to build ships here in Canada. I remember my colleague from Halifax West who said in 2005 not to worry, that we are going to build those Coast Guard vessels right here in Canada. It is 2009 and we still have not built them.

I love the way the Conservatives framed the budget. First of all, I want to give them credit. They actually mentioned shipbuilding in the budget, but they know and I know that we need an investment of \$22 billion to reinvest in our industry for the military, the Coast Guard, the laker and the ferry fleets. What did the Conservatives present? There is \$175 million for a bunch of smaller vessels. We call it the canoe budget, not that there is anything wrong with canoes, but the reality is a canoe will not do very much at the 200 mile limit off the east coast when we encounter people who are spilling oil into our waters, or raping and pillaging our fish stocks, or bringing in illegal immigrants, or drug interdictions. They are not going to do much to stop them.

We also had a contract for our joint supplies vessels and that was cancelled by the government because it lowballed the bid when it out to tender. The mayor of Marystown, Newfoundland, Sam Synard, has asked repeatedly that this contract get back on the table so those people can get back to work. The Washington yards, the Marystown yards, the Halifax yards, the Port Weller yards, and the Davie yards in Quebec all deserve to have these contracts now. We have \$22 billion worth of work to do just on the domestic side and it could be done over a 20 year period.

In 2001 the then industry minister, Mr. Brian Tobin, said very clearly that he wanted to have a report on the status of the shipbuilding industry and where to go forward. Four members of that committee came up with five major recommendations to assist the industry. Not one of those recommendations has moved forward yet.

Government Orders

One of the biggest ones we have asked for repeatedly from the Liberals and the Conservatives and have been denied each time, although we did get bits of it, is that structured facility financing be incorporated over a five year period and on top of that, accelerated capital allowances for five years. That would assist this industry and would go a long way in employing thousands of people. We would buy Canadian materials, such as steel, and get the ships built that Canada so desperately needs. What did we get? We got structured facility financing for a couple of years and accelerated capital allowances for a couple of years, but never the full recommendation that we asked for. The reason the finance department gives is it did not want to give this industry a double benefit.

We have said repeatedly that all we wish the government would do is pay half as much attention to shipbuilding as it does to the aerospace industry. If it did that, our industry would be on solid footing right now, and quite possibly, the EFTA deal would not have such a devastating effect upon our industry. But it will, because the government has refused to initiate the recommendations of that 2001 report. It has refused repeatedly my requests, questions, statements, news conferences, representations and recommendations and those from people throughout the industry. We have to ask ourselves why.

• (1550)

In 2003 I was sitting in this House when the then finance minister of Canada, John Manley, said, "Shipbuilding is a sunset industry". When he said that, it all came to light. It was very devastating when he said that. We realize there are many in the bureaucracy who would love to see the end of the shipbuilding industry and who would trade it off for something else, for example, pharmaceuticals, farm products or whatever it is. We think that is absolutely wrong. We saw what happened in Newfoundland and Labrador when fish was traded off for other industries in these trade deals. It was devastating to that province.

What we are asking for is what the people who work in these industries are asking for. They want to know that when it comes to Canadian procurement, they will get the jobs. They also want to know that they can compete worldwide. It is very difficult to compete against a country like Norway which has subsidized its industry for over 30 years while we are not doing anything to help ours.

We did do one thing. During the frigate program we gave the Irving company an awful lot of money to upgrade the Saint John yard. The mistake was that the frigates were built more or less at once and then the yard was shut down, and the Irvings were given another \$55 million of taxpayers' money to shut it down. It was one of the most advanced shipyards in North America, and it was shut down. After the comment by John Manley, people started to believe that the industry was in a sunset phase and there was no sense in building ships.

How many western nations in the world actually have their military vessels built somewhere else? The JSS would be a great program for Canada. In 2002 I was part of a defence committee report that recommended sealift capability be initiated very quickly in this country. It is seven years later and we are still waiting.

During the 2006 campaign, the future defence minister told folks not to worry. I remember the press conference very well. There was a

big map of the Arctic. He said that if elected in 2006, the Conservatives would build three armed icebreakers. Well, it is 2009. I wonder where those armed icebreakers are. That is another broken promise.

In the last election campaign we heard the Conservatives say that they would build a \$780 million icebreaker called the *Diefenbaker*. When is it going to come? It is not in the estimates and it is not in the budget. We are \$34 billion in the hole now, and the projection is to go to \$84 billion in the hole. When is this project going to happen? We simply do not know.

With respect to coast guard replacement vessels, we get the smaller version, a fraction of what is required. It is still not enough. When is the JSS going to come? Our men and women who sail the seas, who serve our country, deserve better protection than that. They deserve to have the equipment they need.

We do not need to sacrifice our industries at the altar of the free trade deal when it comes to EFTA. EFTA has some good points; we are not arguing that. However, we want to make sure that shipbuilding is exempted from this deal, that it is carved out. Then the government can trade all it wants.

If the Bloc Québécois or the Liberals allow this deal to carry forward as it is, it is going to have a devastating effect on the shipbuilding industry across the country. I would ask them to go to the Davie yard and tell the shipyard workers that they are prepared to give up shipbuilding for aluminum, tin, pharmaceuticals or other industries.

We are asking the Bloc Québécois to join us in stopping this deal from going forward, to make sure our shipbuilding industry is protected. It does not necessarily mean putting x number of dollars in a budget on domestic procurement for small vessels. That does not protect the industry. Our big shipyards need to have long-term projects. Just imagine if we had already initiated the recommendations from the 2000 report, "Breaking Through". A lot of people would not have had to leave Newfoundland and Labrador or Halifax to find work elsewhere. Those people could be back working in the yards making good money and looking after their families.

• (1555)

Why would we not do this?

I know when my good friend and colleague, the member for Welland, speaks on it, he will have personal stories of what happened in the Welland yards.

There we are with the great lakes and the beautiful laker fleets that need to be replaced. What a perfect place to get them done.

The reality is that we do not know yet what we are paying them now. The people have to move away. The reality is that we have \$22 billion worth of work to do on the domestic side, which would aid these companies in competing internationally for foreign work and for other work in the oil and gas sector and so on. The longer we delay it, the longer these yards are going to suffer. How many of these yards will be left in a couple of years if we do not do it? If we do not have the yards and we do not have the tradespeople and we do not have the industry, then who is going to build our coast guard and military vessels of tomorrow? Who is going to build the ferries and the laker fleets of tomorrow?

Oh, I know. I have a suggestion.

Recently the British Columbia Ferry Services and the B.C. government had three ferries built in Germany for over \$550 million. That was \$550 million of British Columbia money, and it did not create one job in British Columbia.

What are they asking for now? They told us it is cheaper to have these ferries built in Germany. If that is the case, how do they explain that if they had been built in Canada, B.C. and the federal government would have got 40¢ back on the dollar through GST and other income taxes? That money was not even accounted for.

Then what did British Columbia Ferry Services do? It asked its friend David Emerson, who used to be head of the B. C. ferry services, for a waiver reduction on the import fees of over \$20 million. If it was cheaper to build them in Germany, why would it ask for that waiver? We hope this government does not grant that waiver. It should get them to pay it. That money should go directly into British Columbia to aid and assist in the shipbuilding industry. That is where it should be going.

The next time any province or Canada wants to build vessels, it should look inside its own yards and create jobs right here in Canada. What is wrong with using Canadian taxpayers' dollars, Canadian ingenuity, Canadian industry and Canadian shipyards to build Canadian vessels? Who can be opposed to that?

The Conservatives can, and the previous Liberals could, because this did not start with the Conservatives. It started long ago with the Liberals. Through various elections, it has withered away, in a sense. I give my colleague from Burnaby—New Westminster a lot of credit. He has done everything in his power to delay this thing and to get the message out about what the Conservatives are about to do to our industry.

A declining scale on tariffs does not cut it. Norway can easily eat that up and end up going after our industries. This is not the deal that would protect the industry.

If I were talking about pharmaceuticals or blueberries or shrimp, I would say it was a great deal and we should go for it, but we are talking about an industry worth \$22 billion just for domestic procurement. It does not include all the other work they could possibly bid and tender for in years to come, including the oil and gas sector, foreign vessels, and so on.

There are five major yards and a bunch of smaller ones left in this country. There is absolutely no reason that those yards could not be singing and humming and hiring thousands of workers.

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We talk about an economic stimulus package. We were told in December by the Minister of Defence, the minister responsible for Nova Scotia, that shipbuilding would be a part of the stimulus package in this budget. That is not so. That did not happen.

What we are asking of not only him but of that entire caucus over there is to look in themselves, go down to the shipyards and tell those shipyard workers that they will do everything they can to provide protection for their jobs, protection that would extend into any foreign deals we make with other countries. If the United States can invoke the Jones act and carve out shipbuilding in deals with us, then we should be able to do the same, not only with the United States but also with other countries, including EFTA.

● (1600)

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, my colleague is well renowned for his work on the shipbuilding sector.

One of the interesting comments in his speech referred to defence procurement policy, especially as it relates the the United States. Under our current agreement it is different from the discussion we are having about buying American right now.

To be clear, the United States is pursuing a potential buy-American clause in its proposed fiscal update and stimulus package. Americans already have in existing legislation a bill that protects defence procurement contracts and has them go to their industries. This is a normal part of the NAFTA relationship that we have. It is something they have seen revitalize their economy. It is also to provide national strategic supports for their military. This is important because if the manufacturing base is hollowed out, they won't even be able to defend their own country.

In contrast, in Canada the Conservative government, supported by the Liberals, recently awarded a quarter billion dollar project for trucks to be built in Texas. The sad thing is that a plant we saved a few years ago in Chatham, Ontario, can actually build those same trucks with minor modifications. That plant is being closed and moved to Mexico and hundreds of workers are being fired, yet a quarter billion dollar contract is being awarded to Texas. This makes absolutely no sense whatsoever.

This is within the current structure of our negotiations with the United States. It is something that we simply understand we would do. We do not contest when they have similar procedures in the United States. I would like to ask my friend to comment on that.

The budget promises some coastal vessels. My friend has referred to them as "canoes". At the same time, we want to make sure they will be built here in Canada.

Government Orders

How can we believe that what is going to take place will actually stimulate our economy when we know that under these truck provisions, the Navistar truck plant is closing down despite saving all those jobs and despite the fact that it can produce the same vehicle that is going to be produced in Texas? I wonder if my colleague could respond to that.

• (1605)

Mr. Peter Stoffer: Mr. Speaker, I tend to believe that only the Conservatives would allow a quarter billion dollars of Canadian taxpayers' money to fly south to Texas and take all our jobs with it. It is unbelievable.

I remember the old glossy photos, the blue ones with a big C in them that looked like a Kremlin symbol with a star in it. I remember a big Conservative sign that said, "Stand Up for Canada". All I have ever seen Conservative members do is sit down for Canada. All those jobs in Chatham, Ontario, are one shining example.

Those Canadian workers were proudly building military vehicles for our men and women who serve us not only domestically but overseas as well. Let members imagine what a novel idea it would be to use Canadian tax dollars to employ Canadian workers to build Canadian vehicles for the Canadian military. Colour me wrong, but if that is such a far-off, left of centre, leftist idea or socialist dogma, then call me a socialist. I happen to think it is a pretty good idea.

I would love to see one Conservative member go to Chatham, Ontario, and tell those workers and their families why they cannot do that work. We in the NDP can prove to them that with the right policies, those trucks could have been built to high quality in Canada, and probably at a better price than we would get in Texas.

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, I am certain that during the Speech from the Throne and the fall budget, the NDP member lost any inkling of confidence in the Conservative government, as did we. We can hear it in his remarks; it is obvious.

As for government procurement, my colleague also knows that the government, within this free trade agreement, remains perfectly free to purchase in Canada, subject to the WTO agreement on government procurement, of course.

Furthermore, we see on page 172 of the 2009 budget, Canada's economic action plan, that, "The Government is investing \$175 million on a cash basis for the procurement of new Coast Guard vessels and to undertake vessel life extensions and refits for aging vessels." In this case, the government felt it had to specify "on a cash basis" because it wants to tell people that it will invest this year. "While contracts have not yet been awarded, work will be conducted in Canada."

And just because there is a small component on page 172 that could help Canada's shipbuilding industry does not mean that we should vote for the budget. Overall, we know what it is and since the trust has been broken, we do not believe all of the Conservative Party promises.

Does the member not believe that we will be able to influence the government so that it will give the shipbuilding industry a chance to

develop over the 15 year period when the vessel tariffs are in the process of completely disappearing?

• (1610)

[*English*]

Mr. Peter Stoffer: He is right, Mr. Speaker. Time and time again we have seen grandiose promises from the Conservatives broken.

When we are asking for \$22 billion over 20 years and we get \$175 million, do we say thanks? Sure. We will thank the government for the mention in the budget and for that small amount.

The major yards will not be doing that small work. The reality is that a lot of this work will go to the smaller yards, which is good for them. We are glad to see that will happen.

However, there is absolutely no guarantee they will follow through. A company in Pictou, Nova Scotia, the defence minister's own riding, made knives for years for the military. It is gone. Its workers are laid off. Those knives are now being made in China.

If the defence minister cannot protect an industry in his own riding, how can I possibly hope that the Conservatives, in any way, shape or form, will protect anything when it comes to the shipbuilding industry?

Mr. Laurie Hawn (Parliamentary Secretary to the Minister of National Defence, CPC): Mr. Speaker, the only thing I can guarantee to the House is that the member and his party will vote against every vote that comes to support the military or to support veterans.

We have been talking about support to shipbuilding. The budget and the economic action plan show that we are building 98 coast guard ships, we are refurbishing 40 more coast guard ships, and we have the Canada First defence strategy, which will spend billions of dollars on ships over a 20-year period. That work will be done in Canada. If that is not supporting a shipbuilding industry, then I do not know what is.

With respect to his comments on the truck bid, nobody else bid. It is very hard to give jobs to people who do not ask for the jobs and do not bid for the jobs.

I wish the hon. member would simply stick to the facts and quit pretending he actually supports the military, whereas in fact he votes against every single contract and every single budget that supports the military. He and his party vote against them. He should cut the hypocrisy and stick with the facts.

Mr. Peter Stoffer: Mr. Speaker, let us go through it.

VIP promised every widow of World War II and Korea would get a benefit immediately. A budget came out two and a half years later. It was less than 10%.

Government Orders

We were told that every person in Gagetown affected by the spraying of Agent Orange from 1958 to 1984 would be covered. That was nonsense. It was for 1966 and 1967 only.

As for the SISIP clawback, the former defence minister said the government would fix it. It still has not been done.

We could go on to the other issues of the clawback of their pensions.

Recently, on September 9, 2008, the Prime Minister told Polish veterans at a hall that if the government were elected, it would institute the allied veterans war allowance for all those allied veterans. It is not in the estimates and it is not in the budget, so if anyone is talking about hypocrisy toward our veterans, it is that member and that government over there.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, after that despicable display by the Conservatives, we should get back to the subject, which is the European Free Trade Association agreement.

We know the Conservatives will not even stand in the House to defend this agreement anymore. They are simply absolving themselves from any responsibility for the bill.

I would like to thank the member for Sackville—Eastern Shore for his work in protecting the shipbuilding industry and standing up for veterans, and I would like to ask him a question. Why are the Conservatives so embarrassed by the bill?

Mr. Peter Stoffer: Mr. Speaker, I can only deduce that many of the members of the Conservative Party do not have shipyards in their ridings. If they did, they would have a better understanding of the issue.

I remember when they were in opposition. I remember the Reform Party in 1997. I remember that the Alliance and the Conservative Party, before they were in government, used to stand up for shipbuilding in this country. Now it seems they are sitting down.

[*Translation*]

Mr. Claude Guimond (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Mr. Speaker, I am pleased to take part in this debate on Bill C-2, which should lead to the implementation of the Free Trade Agreement between Canada and the European Free Trade Association. The Standing Committee on International Trade has already studied it and I am glad to be able to add my thoughts to the current debate.

The Bloc Québécois has already indicated that it is generally in favour of this agreement. We think that it is a good agreement, especially for the Quebec economy. There are attractive opportunities for us in the countries that are signing it. Whether in pharmaceuticals, nickel mining or aluminum exports, Quebec is very well positioned and will surely benefit from its advantages. This does not mean, though, that the agreement is perfect. We have serious concerns, especially in regard to the inclusion of shipbuilding. The Bloc expressed these concerns in the supplementary opinion it attached to the committee report, and I would like to take this opportunity to draw this issue again to the attention of the members.

The future of our shipyards is very important to Quebec and especially eastern Quebec. This region lies along the shores of the St. Lawrence River, the largest navigable waterway in the world, and shipbuilding is an important part of its economy. This free trade agreement will therefore have a direct impact on the people of my region in a few years. That impact will be positive or negative depending on the choice that the government makes today.

Shipbuilding has suffered for many years from a flagrant lack of government support. Our shipyards have fallen well behind the Norwegian ones, and Norway is one of the signatories of this agreement. While Norway has been investing massively for years in modernizing its shipyards, it is sad to say that the federal government has long been ignoring our shipbuilders. There is no real marine sector policy in Canada today, and the results over the next few years could be very bad.

Under the existing agreement, the most sensitive shipbuilding products will enjoy a gradual reduction in tariffs for a period of up to 15 years in some cases. After that adjustment period, no tariff protection will be allowed, and vessels from Norway, for example, will enter the Canadian and Quebec market to compete on par with our ships. This would not be a problem, except that we lag far behind in this area. If our borders were to open wide tomorrow morning to the competition, our shipyards would disappear. And that would be very unfortunate, since our shipyards are essential for economic, strategic and environmental reasons. Now the question remains: how will our marine industry look 15 years from now?

If the past is any indication, we have every reason to be extremely pessimistic about the survival of this industry, given the increased foreign competition. Clearly, if the federal government continues to ignore the needs of our shipyards and refuses to take action to support them, we will definitely see them gradually deteriorate over the next 15 years. That is why the Bloc Québécois presented an important recommendation to the Standing Committee on International Trade in advance of this agreement taking effect. The recommendation reads, “The Canadian government must without delay implement an aggressive maritime policy to support the industry, while ensuring that any such strategy is in conformity with Canada's commitments at the WTO”.

That was the only recommendation made in the report. The Conservatives never see any problems with their policies and the Liberals, as usual, failed to propose any recommendations. The NDP, in its predictable opposition to free trade, opposed the agreement altogether.

• (1615)

The Bloc Québécois recommendation, which finally received the committee's support and was included in its report, meets the expectations of many shipbuilders in Canada and Quebec. Even though they have no hope of seeing their sector excluded from the agreement, they do expect the government to act quickly and forcefully. We read in the report that, according to representatives of shipbuilders and marine workers:

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...without combined access to the SFF and ACCA, the impact of the agreement would be devastating to the industry and would lead to job losses. In their view, this additional government support was critical if the Canadian industry was to survive increased competition from Norwegian producers.

Some will say that Norway has announced that it has stopped subsidizing its shipbuilders and that that will enable Canada to compete on a level playing field with that country. But what are we doing to make up for all the years when there were no subsidies here, while Norway was achieving the high level of competitiveness it enjoys today, thanks to generous government support? Quite simply, there needs to be a dramatic shift in the federal approach to the marine industry, which means abandoning the laissez-faire policy the Liberals and Conservatives have followed to date.

I am happy that we are holding this debate on the trade agreement with the European Free Trade Association, because it reveals how fragile our marine industry is in the face of foreign competition and forces us to take a stand on these issues quickly. It is not the agreement that is bad, but our policy. That is why a change of direction is imperative. In 5 or 10 years, it will be too late. We must act now. With a few targeted measures, our shipyards can become modern, productive, financially healthy and extremely competitive. The biggest problem to date has been the lack of political will to change things, and it is high time that changed too.

Of all the aspects of this free trade agreement, this one concerned me the most. The other aspects of the agreement, including agriculture, seem to be well handled and in line with Quebec's interests. I would just like to add, as some of my colleagues have already pointed out, that this free trade agreement may open the door to a future agreement with the European Union. We must seize the opportunity when it arises and, more importantly, be ready to compete.

●(1620)

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, because the tariff will be reduced to zero over 15 years, with the phase-out to begin after a three-year waiting period, the recommendation by the Standing Committee on International Trade suggested that the government adopt a vigorous policy to promote the development of the shipbuilding industry. In fact, the government should adopt that kind of policy, to be implemented as quickly as possible.

It must be recalled that for the 10 years that negotiations went on, particularly in 2000, the Shipbuilding Association of Canada did not agree with the government's policy. The tariff reduction period was much shorter still. Ultimately, the Association agreed to the reduction in the tariff, but over a 15-year period, and after a three-year waiting period. When representatives of shipyards appeared at the committee, they asked that priority be given to two measures: allowing purchasers of Canadian ships to take advantage of accelerated depreciation and adopting a structured financing facility.

My colleague can tell you this, because I will give him an opportunity to reiterate it: the Bloc Québécois is making many more recommendations than this; there are numerous others. These are things that should be adopted as quickly as possible to assist the shipbuilding industry. I would therefore ask that my colleague elaborate a little on all of the proposals made to the Conservative government by the Bloc Québécois.

●(1625)

Mr. Claude Guimond: Mr. Speaker, I thank my colleague for giving me the opportunity to explain the recommendations made by the Bloc Québécois in the report. Because of the high cost of these products, the industry is calling for special financing arrangements for the shipbuilding industry so that it can purchase equipment of that value. Precisely because of the value of these products, which often comprise the bulk of the purchaser's assets, the industry needs special tax rules in order to be competitive. Again, because of these major investments, the industry needs to share the risk it assumes at the research and development stage, in particular to facilitate access to credit.

Another very important measure involves offering financing to cover a large portion of the value of the contract, 87.5%. That is what we are calling for. To conclude, all these measures should be available both to Canadian purchasers and to foreign purchasers.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, I listened very carefully to the speech by the member for Rimouski-Neigette—Témiscouata—Les Basques. If I understood correctly, he is against the agreement and deplores the repercussions it will have on the shipbuilding industry in Quebec and elsewhere in Canada.

We are well aware that with the loss, at least temporarily, of 1,100 jobs at the Davie shipyards, the shipbuilding industry is presently in crisis.

My question is very simple. The Bloc Québécois has already made the mistake of supporting the softwood lumber agreement, which led to the loss of thousands of jobs. We cannot blame Guy Chevrette for recommending the agreement. It was a bad agreement for Quebec and it led to the loss of thousands of jobs. At present, we know that hundreds of jobs will be lost, especially in Quebec, because of this bill and that it will be disastrous for shipbuilding throughout Canada.

Is the member prepared to vote against this bill?

We cannot act like the Liberal Party that always speaks against an issue but then always votes with the Conservative government. It is time for the Bloc Québécois to stand up, to follow the lead of the NDP and to vote against this bill. Is it prepared to do so?

Mr. Claude Guimond: Mr. Speaker, I would have been very surprised had my NDP colleague not mentioned the softwood lumber crisis. He had to do it, he just could not help himself.

The Bloc Québécois believes that this agreement with the European Free Trade Association is a good agreement. However, in order to accept it, Canada needs to have a true policy for the development of its shipyards. The Bloc position on this agreement is very clear.

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Mr. Serge Cardin: Mr. Speaker, to allow my colleague from the Bloc Québécois an opportunity to continue to present his views on the shipbuilding industry, in reply to the question from the NDP, which was a little biased, it must be noted that is indeed sad, it is heart-breaking, that there have been job losses in Quebec in the shipbuilding industry. But we must also set the record straight: the accord has not been adopted yet.

So this is not a trade issue, it is an industry issue. What is happening now relates to the industry. The accord is not what is having an effect on the job losses in Quebec, which I hope are temporary. Rather, it is a matter of industrial policy, it is a matter of the shipbuilding industry, which neither the Liberal government of the day nor the Conservative government of today wants to address.

So it is relatively simple. We need appropriate measures to promote the development and modernization of the industry, and I believe firmly in the abilities of the workers in the shipbuilding industries, in their skills and potential, but to do that, the Conservative government has to provide the tools. We know this is a laissez-faire government, but in times of economic crisis such as we are experiencing today it is even more important that it adopt policies. And we have policies to offer. I am sure my colleague could list a few more for you.

• (1630)

Mr. Claude Guimond: Mr. Speaker, as one of the measures that should accompany this policy, we have talked about loans and loan guarantees for shipyards that have to invest so they can provide a financial guarantee in order to bid on new contracts. That takes capital, and the government should provide support so they can do that.

The tax rules for financial lease agreements absolutely have to be improved, and these people have to be given additional tools so they can sign contracts. We are talking about refundable tax credits for shipbuilders. Again, this is a measure to make their lives easier.

We believe that all these measures should be included in a genuine policy for our shipyards, in both Quebec and Canada. This would enable them to deal with free trade, particularly under the agreements with Norway that are part of the agreement with the European Free Trade Association.

The Acting Speaker (Mr. Barry Devolin): The hon. member for Burnaby—New Westminster has the floor for a very short question.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, in a sense, this is a supplementary.

I asked a direct question but did not get a direct answer. We know that the bill will have a negative effect in Quebec. Are the hon. member and his caucus prepared to follow the NDP's lead and vote against this bill, yes or no?

The Acting Speaker (Mr. Barry Devolin): The hon. member for Rimouski-Neigette—Témiscouata—Les Basques has the floor for a short answer.

Mr. Claude Guimond: Mr. Speaker, as I said earlier, the Bloc Québécois is in favour of the free trade agreement with the European Free Trade Association. What we are saying is that this agreement has to be accompanied by a policy providing real support to the shipbuilding industry.

[English]

Mr. John Rafferty (Thunder Bay—Rainy River, NDP): Mr. Speaker, I would like to give a preamble. My comments about the bill are not about protectionism. My comments about the bill are about the future of our children and our jobs in this country. I cannot hope to reach the eloquent level of the member for Sackville—Eastern Shore but I will certainly try.

The House might be wondering why someone from northern Ontario is standing up to talk about the shipbuilding component of the bill. Aside from being a forestry centre for Canada, Thunder Bay is also one of the shipbuilding and ship repairing centres in Canada.

Members in the House may not know that but I would just like to point that out because we are a shipbuilding city. We have skilled workers, we have a seagoing harbour, and we have high tech companies, like Pascal Engineering, that build and repair ships.

Unfortunately, when it comes to shipbuilding in this country as we have seen over the years, awarding contracts for shipbuilding is not done on any logical basis. It is really done on a political basis. What I am hoping is, when I finish speaking today, that someone from the government side will stand up and tell me that shipbuilding centres in Canada like Thunder Bay will not be forgotten if any money every does come forward to build ships. They can build them small, they can build them large and we would certainly like to be part of that. I would like someone on the government side to get up and assure the people in Thunder Bay and northwestern Ontario that this is going to happen.

The people in Thunder Bay in the shipbuilding sector do not believe that shipbuilding is a sunset industry. The government and indeed the Government of Ontario say that they believe that shipbuilding just like forestry is a sunset industry.

My major concern with the bill are the provisions regarding shipbuilding. The bill reduces tariffs on ships from 25% to 0% over a period of 10 to 15 years depending on the type of products. Nothing happens in the first three years. One category of ships goes right down to zero and these are the very large ships, the very kinds of ships that can be built in Thunder Bay.

The government has dropped the ball on other trade agreements. I do not want to go into great detail about that, but what we are talking about is a situation that is very real with real jobs disappearing.

We understand the ideology of the government on free trade agreements. An economist 15 or 20 years ago in the United States wrote a book and said that they are good things. Unfortunately, the way they have been arranged is that they are mostly selling out.

In support of my argument I would like to give the House a couple of quotes. The first one is from George MacPherson who is the president of the Shipyard General Workers' Federation of British Columbia. He said:

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The Canadian shipbuilding industry is already operating at about 1/3 of its capacity. Canadian demand for ships over the next 15 years is estimated to be worth \$9 billion in Canadian jobs. Under the FTAs with Norway, Iceland, and now planned with Korea, and then Japan, these Canadian shipbuilding jobs are in serious jeopardy. In these terms this government plan is sheer folly, and an outrage.

As well, Les Hollaway, who is the Atlantic Canada Director of CAW, stated, “Your committee should not recommend this free trade agreement without first recommending that the federal government first address the issues facing the shipbuilding industry that would allow the industry to compete in a fair and equitable manner with our trading partners”.

What is the shipbuilding issue? During the last 20 years Norway, Canada's EFTA main competitor in this sector, built a strong shipbuilding industry by initially protecting its market and by heavily subsidizing production. Now, Norway is able to compete in the zero tariff environment. During all that time Canada had kept the 25% tariff on ship imports without a shipbuilding policy of any kind and no money to support the industry. The so-called generous 10 to 15 year phase-out terms simply mean a stay of execution for Canada's shipbuilding industry.

• (1635)

Andrew McArthur from the Shipbuilding Association of Canada made a compelling case on behalf of Canadian shipbuilders to have that industry explicitly excluded from the Canada-EFTA agreement, as it is from NAFTA. He noted that Norway's world class shipbuilding industry is not subsidized today, but it owes its present competitiveness to the serious government support it received in the past years. Andrew McArthur said:

So our position from day one has been that shipbuilding should be carved out from the trade agreement. We butted our heads against a brick wall for quite a number of years on that and we were told there is no carve-out. If the Americans, under the Jones Act, can carve out shipbuilding from NAFTA and other free trade agreements, as I believe the Americans are doing today with Korea, or have done, why can Canada not do the same?

It is precisely this type of policy that has allowed Norway to become a world class player that it is today and this is precisely what the federal government failed to do by completely gutting Canada's shipbuilding industry.

Canada has the largest coastline in the world. It has no strategy for its shipbuilding industry. This situation is absolutely unacceptable. When the tariffs come down in 15 years Canada's industry will be unable to cope with Norwegian competition. The current state of Canada's shipbuilding industry is directly related to the absence of a vigorous industrial development policy by successive federal and Conservative governments. Canada's shipyard industry is only a shadow of its former self, roughly one-third to one-quarter of where it was 10 or 15 years ago.

Recently, the Harper government and the B.C. Campbell government again refused to stand up for our shipbuilding industry. I do not want to go into too much detail, but we all know the story of the B.C. Ferries. The first ship arrived last December. The Harper government has refused to commit to put toward—

• (1640)

The Acting Speaker (Mr. Barry Devolin): Order. The member knows that he cannot refer to members of Parliament by their given names.

Mr. John Rafferty: Yes, Mr. Speaker, I apologize to the House. Hon. members might want to ask a couple of questions on that.

Even those in the business community who have a vested interest in supporting the acceleration of EFTA, such as the Canadian Shipowners Association, justify their support on the basis that Canada has forever lost its ability to build ships, but we do not share that pessimism. With proper and intelligent support from the federal government, Canada's domestic shipbuilding industry could be rapidly up and running. All that is missing is the political will of the federal government.

The U.S. has always refused to repeal the Jones act and it has been mentioned a couple of times today. I would like to remind the House of what that act says. The legislation has been in place since 1920 and protects the U.S. capacity to produce commercial ships. The Jones act requires that commerce between U.S. ports on the inland and intercoastal waterways be reserved for vessels that are U.S. built, U.S. owned, registered under U.S. law and U.S. manned. The U.S. has also refused to include shipbuilding under NAFTA and has implemented in recent years a heavily subsidized naval reconstruction program.

Therefore, the shipbuilding sector must be excluded from this agreement and the federal government should immediately help put together a structured financing facility, SFF, an accelerated capital cost allowance for the industry, and an effective buy Canada policy for all government procurement.

As I said at the beginning of my remarks, I am not talking about protectionism. I am talking about fair play and I am talking about looking out for the future of our children, our families, and our capacity to produce goods which are needed in Canada and around the world. We have that capacity.

In closing, I would like to invite some questions from the government side and the opposition. I know there are probably a couple.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, the Conservatives are not standing up and defending this agreement. They have completely backed off. For the first hour or so the minister and the parliamentary secretary defended it. However, since all the facts have come to light, the Conservatives, even Conservatives from areas that have an important shipbuilding industry, are completely silent on this bill. They are not defending it. I guess we could say it would be a tough act anyhow that they would be defending the indefensible. How does one stand up in the House and say that their government is moving to kill thousands of jobs in the shipbuilding industry? I guess that would be difficult to defend.

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However, I think those people who are listening to Parliament today, those who are concerned about the possible impacts of the bill, must be quite disappointed to learn that Conservatives cannot defend the bill. They cannot stand up in the House and speak to the bill. They are completely silent on all the impacts and the loss of jobs that would result from it. The Liberals are their sidekicks. The new Liberal leader is like the Robin of Canadian politics, Batman and Robin, the sidekicks of the Conservatives. However, neither party is standing up to defend the bill brought forward by the government.

Given the member has outlined very clearly the impacts, the loss of jobs, the failure of the government to stand up for good Canadian jobs in the shipbuilding industry, does he think the Conservatives are ashamed of their own bill?

•(1645)

Mr. John Rafferty: Mr. Speaker, I cannot speak for the government side and say whether they are ashamed of the bill. I suspect they probably are.

However, just as the hon. member for Sackville—Eastern Shore has said, there are some things in EFTA that are worthwhile, and we do not have any objections to that. What we are asking is that shipbuilding be excluded from the bill before it goes forward. It just a simple request. It has nothing to do with many of the other trade parts of the agreement.

I have seen the devastation in Thunder Bay over the years as shipbuilding has declined. As I said, it is very difficult to understand why, when we have a shipbuilding capacity in a city like Thunder Bay that has been hard hit in other areas, such as forestry, because of ill-advised agreements and a lack of caring by various levels of government. It is difficult for me to stay clear eyed as I speak when I know about families that have been devastated and people who have lost their jobs and probably some peripheral things, such as the loss of skilled labour. When that kind of thing happens, skilled labour leaves the area, the region and the province. We cannot afford to have any more out-migrations.

I hope the government will have a look at this, consider the shipbuilding element of this and decide that what we have talked about today is the right way to go.

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, with regards to shipbuilding, it is not only just in terms of commercial importance and the skills, value-added work, especially because it also involves a lot of Canadian aggregate involved with the construction as well, it is also issues related to skilled trades, professions that are very important not only just in terms of the value of income they bring in but also a skills set that is necessary. One of the things that is important about the carve-out policy we are advocating for is the issues around national defence. Many countries are very clear about ensuring they have a significant portion of their manufacturing base protected so in times of conflict or war or other types of challenges they have the capacity to produce the necessary means to protect their citizens. We saw that historically through the great wars with our country as factories were converted into operation mechanisms to help win over a tyranny.

As well, it is important to recognize that even today we still have important measures that we have to contribute in the global world.

Part of this is keeping the capacities available to ensure we can contribute and be there.

The government has been very much one that is turned inward. It is one that has decided not to even lobby for a seat on the National Security Council of the United Nations. It has also been very much inward looking and given that impression quite significantly in many degrees. The most recent is the U.S. buy American policy that has come up without any type of measure in terms of even understanding it was approaching.

I would like to ask my colleague about the defence issue related to that, as we sell out all our industries and do not have that capacity to respond.

Mr. John Rafferty: Mr. Speaker, I will give the member a good example of capacity.

Last week the last fine paper mill in Ontario went into receivership. Fine paper is the paper we use every day, the paper we have on our desks and the paper we put in our computers. The last fine paper mill in Ontario is now gone. At the same time, as that one disappeared from Ontario, one opened up in New York. The irony is that the major investors in the New York operation are Canadians. Why did they not invest in our own?

The Conservative government, and in that particular case the Ontario government, is putting those of us in northern Ontario back into the dark ages, where we are hewers of wood and drawers of water. Anything that requires finishing is leaving our province and our country.

Perhaps we will still have one mill operating in Ontario that will supply pulp, but that pulp will not be processed into finished goods here. It will go to the United States to make fine papers. That is where all the high quality, highly skilled and highly paid jobs are in much more abundance.

Are we going to go back to a situation in our country where all we are is a source for primary resources and nothing else? I beg the government to truly consider what is happening.

•(1650)

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, my hon. colleague is new here and he has done a great job.

Does he not believe that using Canadian taxpayer dollars, Canadian workers, Canadian materials, Canadian raw resources, Canadian industry and management to hire Canadian workers to build Canadian ships is such a bad idea?

Mr. John Rafferty: Mr. Speaker, I have been here for a number of months now. We do not always expect answers, particularly when the question only requires a yes or no answer. In this case it is easy to do: no is the answer.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, I appreciate what the member for Thunder Bay—Rainy River has said.

Conservative MPs in the House are refusing to speak up to defend the bill. None of them have stood up since the parliamentary secretary spoke. Since the inconsistencies and the discrepancies in his statements have been brought to light by the NDP, the Conservatives have been utterly and completely silent.

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Does that show respect for Canadians in the shipbuilding industry whose jobs are on the line? Does it show respect when Conservatives refuse to speak up and defend the bill that they have brought forward in the House?

Mr. John Rafferty: Mr. Speaker, the member from Sackville—Eastern Shore spoke very eloquently. I think I meant to say yes and not no to his question. I am not sure exactly what his question was, but I think I meant to say yes. That is why, I guess, we do not get any simple answers in the House.

Part of the problem is the fact that many members in the House do not think of shipbuilding as a major industry in our country. It is a major industry and it could be a much more major industry and employ tens of thousands more Canadians.

[*Translation*]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Mr. Speaker, it is my pleasure to participate in the debate on Bill C-2, the Canada-EFTA Free Trade Agreement Implementation Act. This agreement includes Switzerland, Norway, Liechtenstein and Iceland.

This free trade agreement will liberalize trade of non-agricultural goods. My Bloc Québécois colleagues have already had the opportunity to discuss this bill today. They have said, and I agree, that we support the bill. Quebec is likely to benefit greatly from this free trade agreement. This trade agreement could benefit certain Quebec industries. I am thinking of the pharmaceutical industry in particular. In weighing the pros and the cons, it is clear that we have to support this kind of bill. Yes, this could be a cause for some concern in the shipbuilding industry. I will discuss that later in my remarks. My colleagues have also mentioned it. We know that the NDP member who just commented on the bill expressed some serious concerns about the shipbuilding industry. However, the government should take certain measures to eliminate any cause for concern.

I think that one of the bright spots is, as I said, the pharmaceutical industry. It would be in Switzerland's interest to produce prescription drugs here so that it can penetrate the American market. We also know that Switzerland's pharmaceutical industry is very advanced, and so is Quebec's. The industry is more dynamic and better developed in Quebec than anywhere else. For example, for Swiss pharmaceutical companies wishing to gain access to the U.S. market, setting up shop in Quebec will be an economically attractive proposition. The pharmaceutical industry is more advanced in Quebec than anywhere else in Canada.

My colleague from Berthier—Maskinongé also mentioned nickel. We already export nickel to Norway, and Canada's largest mine—the third largest in the world, if I am not mistaken—is in Ungava, Quebec. This free trade agreement could make that market very relevant, very interesting and very profitable for Quebec.

The same is true of aluminum. Again, Quebec is a world leader. Naturally, Iceland comes to mind as a signatory state which also imports considerable amounts of aluminum. It would definitely be in the interest of Quebec smelters that such an agreement be entered into.

I would like to touch briefly on agriculture. While Bill C-2 does not deal with agriculture, there are bilateral agreements concerning

the agricultural community attached to it, which will therefore be implemented. In reality, these bilateral agreements will have little effect on agriculture in Quebec. It was nonetheless important to make sure that the agreement would not create distortions in Quebec's agricultural economy.

That having been said, we will keep a close eye on the agricultural agreement with Switzerland. Indeed, a bilateral agreement with Switzerland which would be implemented through this bill provides for the elimination of the 7% tariff on dairy products imported from Switzerland.

This makes it all the more important to protect the supply management system at the WTO. A quota increase in a context where the in-quota tariff was abolished would expose our dairy producers to increased competition from producers in countries which, unlike Canada, subsidize their industry, their milk production. The Bloc Québécois motion asking that the government oppose any outside quota tariff cut or tariff quota increase was passed unanimously, as we know, by the House of Commons.

There is cause for concern at present because, even though the Doha round was interrupted, we know that the states involved have yet to come to an agreement.

• (1655)

What we saw last July was cause for concern, to say the least. The document presented to the country in fact talked about lowering tariffs and increasing the number of products entering Canada. That threatened producers who are under supply management in Quebec and Canada: milk, poultry and dairy producers. That is why we passed the unanimous motion in the House of Commons in 2005: to preserve the supply management system in its entirety.

Last July, we saw in that document that a shift was starting to happen. As well, the Conservative ministers, one by one, gave us to believe that Canada was going to sign an agreement with the WTO in any event—we know that. The former ministers of agriculture and international trade both stated that Canada would not be the only country out of 148 not to sign an agreement. This was a serious concern for people under supply management in Quebec and Canada.

The present Minister of International Trade is in Davos at the moment, if I am not mistaken, or he has been to Davos.

Hon. Lawrence Cannon: He is here today.

M. André Bellavance: I thank the minister for telling me where the minister is. I know we are not permitted to say he is not in the House. One thing for sure: he went to Davos and said he wanted to meet with the director general of the WTO himself to revive the Doha round. Reviving it for certain trade agreements is one thing, but putting that instrument back on the table, when it has been discussed and it would jeopardize the supply management system, is cause for concern. The Bloc Québécois will be even more vigilant in this regard.

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With regard to the present agreement, we will look closely at what happens. Elimination of the 7% tariff, as provided in this agreement, makes it even more necessary that the government take a firm position at the WTO. Supply management is simply not negotiable. We have to say that and keep saying it. We believe that weakening supply management would justify renegotiating the agricultural agreement with Switzerland.

It should be noted that the part dealing with modified milk proteins, which were debated in the House of Commons not long ago, has also been properly examined. Switzerland is a major producer of modified milk proteins. At present, Swiss products are processed to the point that the tribunals have held that they are not agricultural products. They are therefore not covered by the agricultural accords referred to in Bill C-2. In any event, a schedule to the agreement excludes them completely. So milk proteins are excluded from the accord and tariff rate quotas and over-quota tariffs remain unchanged. In other words, products under supply management are still protected. That is what we currently see in practice and it is what we see in the bill. As I said, we will nonetheless be vigilant when it comes to agriculture, because that is our duty.

There is an interesting aspect to this agreement: it does not make the same mistakes that other Canadian agreements did. For example, NAFTA and the agreements with Costa Rica and Chile—two bilateral agreements—all have a bad chapter on investments, chapter 11, which gives corporations the right to bring proceedings directly against a government if it adopts measures that reduce their profits. The agreement before us, which we have been discussing for several hours, contains no such provisions.

I would like to point out that I worked with a member who was responsible for international trade. I was the deputy globalization critic. Some examples of chapter 11 action were absolutely ridiculous, and they must not be repeated. For example, in Mexico, an American company decided to take a municipality to court because it had adopted a bylaw prohibiting the development of a disposal site. Under chapter 11 of NAFTA, the company argued before the NAFTA tribunal that it would lose profits if not allowed to set up its disposal site at that location.

● (1700)

The municipality was taken to court under chapter 11 of NAFTA. I doubt that that is what the negotiators had in mind during NAFTA talks, but the pernicious effect of that part of chapter 11 led to that kind of completely unacceptable situation.

Fortunately, there is no chapter 11 in Bill C-2. The agreement with the European Free Trade Association covers only goods, not services. Therefore, we will not be forced to open public services to competition, whether provided by the government or not, because they are not included. Also, financial and banking services will not be exposed to competition from Switzerland, which has a very well-known banking system, or Liechtenstein, which is a true haven for the financial world when it comes to taxation and anonymity. None of that is included in this bill.

As my colleague from Sherbrooke just explained during questions and comments, the same is true of government procurement. The government is perfectly free to prefer Canadian suppliers, except as provided in the WTO agreement on government

procurement. It would obviously be pretty ridiculous for the government to give itself a certain amount of latitude and then decide not to use it. We therefore want the federal government, which is the largest purchaser of Canadian goods and services, to prefer Canadian suppliers and show some concern for the spinoff effects of its procurement.

There was some discussion of this today in question period. We have to comply with the rules of the World Trade Organization, but there is absolutely nothing to prevent us from favouring local suppliers. The Americans are a problem for us now with their steel, but that is because they are not complying with some of the WTO rules. In other cases, though, when we have an opportunity to prefer our own employers and companies, we should do it and we should not hesitate.

One of the government's first announcements after the election was the purchase of 1,300 trucks for the Canadian Forces, and the contract was quickly awarded to an American company. In my view, the Quebec company Paccar du Canada Ltée could very easily have filled this kind of order. Under the national security rules, the government could have ensured that such a contract was awarded within Canada. That would not break the WTO rules. We have to be very vigilant about other countries adopting extremely protectionist measures, but at the same time we are perfectly entitled to take steps to favour local suppliers, especially in these times of economic crisis. I cannot see why we would fail to take advantage of this right, especially when we are not contravening the WTO rules.

I spoke a little earlier about our shipyards. We are very concerned about some aspects of them, but we can still agree on a government policy if only the Conservatives would open their eyes and make an effort to ensure that the shipbuilding industry is not penalized too heavily by this bill. We are still concerned, however, about the future of our shipyards.

At present, imported vessels are subject to a 25% tariff. This is a form of protection, of course. However, under the agreement, these tariffs will gradually decrease over three years and will be completely eliminated in 15 years. Nevertheless, the government still has the flexibility to avoid the rocks and reefs that this kind of agreement could present and keep our shipbuilding industry afloat.

Our shipyards are far less modern and in much worse condition than Norwegian shipyards, for example. Norway has made massive investments in modernizing its shipyards, whereas the federal government has completely abandoned ours. If our borders were opened wide tomorrow morning, our shipyards could be wiped off the map. Yet for economic, strategic and environmental reasons, we cannot let our shipyards disappear.

● (1705)

Imagine the risks to Quebec, for instance, if no shipyard could repair vessels that ran aground or broke down in the St. Lawrence, which, I would remind the House, is the world's foremost waterway.

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For years the Bloc has been calling for a real marine policy, and for years the government, whether Liberal or Conservative, has been dragging its feet. Now that the agreement has been signed, time is of the essence. We cannot waste any more time, since, as we have already heard, in three years the tariffs will begin diminishing and in 15 years the existing tariffs will be completely eliminated. The Bloc Québécois made a specific recommendation in committee on the matter. The recommendation reads:

The Canadian government must without delay implement an aggressive maritime policy to support the industry, while ensuring that any such strategy is in conformity with Canada's commitments at the WTO.

That was the only recommendation made in the report on that bill, which at the time was numbered C-55, and is now known as Bill C-2.

The Conservative policy of leaving companies to fend for themselves could be disastrous for shipyards, and we expect the government to give up its bad policy. We call on it to table a real policy, by the end of the year, to support and develop the shipbuilding industry. Given the urgency, we will not be content with fine talk, something the government specializes in. We need a real policy that covers all aspects of the industry.

Those are our concerns. There will always be some. As I said, the pros and the cons of any agreement must be weighed. Of course, the four countries we are talking about are not the biggest European economies. However, what is interesting about this free trade agreement is that it could be a foot in the door for an agreement with the European Union. That is the real issue. The Quebec government is currently lobbying and having discussions about a free-trade agreement with the European Union. A free trade agreement with Switzerland, Norway, Iceland and Liechtenstein is all well and good, but we have to be aware that it is very limited. Together, these four countries represent 12 million people and about 1% of Canada's exports. So, we are not doing the majority of our business with these countries. The real issue is the European Union, with its 495 million inhabitants—that is a much different story—who generate 31% of the world's GDP. The European Union is the strongest economic power in the world.

Since we are very dependent on the United States in matters of trade, this openness to Europe might be a very important alternative for the economy of Quebec and Canada. Canada is altogether too dependent on the United States. We send over 85% of our exports there. The slowdown in the American economy together with the explosive rise of Canadian petrodollars in contrast to the greenback, brings home the fact that our dependency weakens our economy. Quebec has lost over 150,000 manufacturing jobs in five years, including over 80,000 since the arrival of the Conservatives and their laissez-faire doctrine. It is wake-up time. An agreement with the European Union could reduce this trade dependency on the United States.

This vital diversification should not be undertaken first with China or India—countries from which we import eight times and six times respectively what we export to them. The first priority should be the European Union. This is the only way we will be able to diversify our markets and lessen our dependence on the United States. In addition, the fact that Canada has no free trade agreement

with the European Union significantly reduces our business competitiveness in the European market.

In conclusion, this is a most important undertaking. The bill has shortcomings, specifically with regard to shipyards, but this can be resolved. There is no reason to ignore all the benefits that might accrue from an agreement with these four European countries, especially since, as I was saying, it could potentially lead to a free trade agreement with the European Union.

•(1710)

[*English*]

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, I understand the position of my colleague's party is that it will allow the bill to go to committee. It is unfortunate. We would like to send a stronger message to carve out the shipbuilding elements right now. It is disturbing, but I give members of that party credit for speaking and being heard in the House of Commons today.

It is interesting that the official opposition has disappeared. I do not know if the member for Etobicoke—Lakeshore has told his members to stand down on this. It reminds me of Lurch, the butler in the *Addams Family*, who would basically hang around and do nothing all the time. Perhaps that is the strategy of the Liberal Party in terms of opposition and keeping the government accountable.

Is it more important to lay out some of the terms and conditions in the carve out, the principles of a position to oppose, or at least get a concession with regard to this deal? It has some elements that are very positive, but others that would undermine our national defence and also procurement policies for workers in Canada.

•(1715)

[*Translation*]

Mr. André Bellavance: Mr. Speaker, I cannot speak for the Liberals as to why they are not intervening. I understand that the NDP wants to boast that it is the new official opposition—and I am only saying that is their boast—but the third party here remains the Bloc Québécois. One thing is sure, Bill C-2 now before us will be sent to committee. This will mean another opportunity to reiterate the problems contained in it, in particular as concerns shipyards.

If this is a matter of national security, it must of course be debated. One thing is sure, it is an economic issue of prime importance. This is why the Bloc Québécois ensured that the committee report included its recommendation that the government stop dragging its heels on the matter and finally adopt a real policy on shipyard development. Count on us to continue to defend that tooth and nail.

Government Orders

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, I listened with a great deal of interest to what my colleague from Richmond—Arthabaska had to say. He said that this bill could be improved in committee, but he knows that we cannot change anything in this bill or in the agreement. The question is whether it is in the interests of the people of Canada and Quebec. The member must consider this. We cannot change anything. We must either support the government once again, as we did on the softwood lumber agreement, or vote against this bill.

As my colleague from Richmond—Arthabaska is aware, this agreement will affect supply management. The tariff table removes the tariffs on dairy products imported from Switzerland, Norway and Iceland. That will have an impact on the industries in Quebec and British Columbia. Removing these tariff tables threatens supply management. That is what the representative of the farmers' union told the committee.

Given the impact this agreement will have on jobs in Quebec and elsewhere in Canada, is the member prepared to vote against this bill, knowing that he cannot amend it?

Mr. André Bellavance: Mr. Speaker, my honourable colleague has asked this question throughout the afternoon. Each of my Bloc Québécois colleagues and I have spent long minutes stating that we are in favour of this bill. The answer, therefore, is no; we have no intention of voting against the bill because we support it. I spent about 20 minutes—if not more—explaining the advantages it has for Quebec. The members of the Bloc Québécois were elected for the purpose of defending the interests of Quebec. We are the only ones here dedicated to doing that every day.

In terms of supply management, it is obvious that if there were any threat at all, we would not support such a bill. Milk proteins are excluded from the agreement; the tariff quotas and over-quota tariffs remain unchanged. In other words, products that are under supply management are still protected. Although I stated that we will be vigilant with regard to the bilateral agreement with Switzerland, that will not stop us from voting for this bill which, overall, is good for Quebec companies.

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, we strongly support those two aspects, but we do have some concerns about them. In terms of the pharmaceutical industry, Quebec will come out on top, and so, by extension, will the federal government because it makes us pay taxes and never gives anything back. Quebec can also benefit tremendously from nickel and aluminum. But there are still two other issues: agricultural supply management and a proper development policy for the shipbuilding industry.

Because of these two concerns, we believe that, for once, the government really must act. I am talking about the party in power. We did try when the Liberals were in power, but we are trying again with the Conservatives in the hope that they will eventually see that they have to do something about this.

The Conservative government does have one talent: ambiguity. In the context of supply management, while contradictory statements have been made, we need to be sure that the Conservative government will defend supply management at the WTO and that it will bring forward a real policy for the shipbuilding industry.

My question is for my colleague: even though we lost confidence in the government last fall, is it possible to believe that they will make a specific commitment to supply management and a moral—and practical—commitment to development in the months to come?

• (1720)

Mr. André Bellavance: Mr. Speaker, if the government abandons the supply management system in the DOHA round negotiations, which have presently broken off but will undoubtedly resume at the WTO, all free trade agreements that we may enter into could become problematic at a given point. It is obvious that if the government does not stand up to the World Trade Organization with respect to bilateral agreements with certain countries—where there is talk of playing with tariffs on milk or other products—then, we will be finished. That is where we must wage the battle.

As I said earlier, how can we have confidence in this government when one minister after another said Canada would not be the only country not to sign an agreement at the WTO? Members can read the testimony of the ministers who told us that in committee. This means that regardless of what is in the agreement about agriculture, Canada will sign. Obviously, this government will then have the dubious distinction of having not only threatened the supply management system, but killed it.

I would remind this House that no less than 40% of Quebec's agricultural economy depends on supply management. Of course, in other provinces that also have the supply management system, such as Ontario, Manitoba and New Brunswick, producers are very concerned about what is happening.

The current Minister of International Trade said he wanted to meet with the Director General of the WTO, Pascal Lamy, to reopen the discussions that were interrupted last July in Geneva. This is disturbing, because the wording that was put before the countries threatened the supply management system.

I know that this week the dairy producers of Canada and Quebec will visit all of the members. I am sure that they will teach everyone something. I ask that all of the members in the House listen to them closely because if we are not vigilant on this subject, we risk putting people out on the street. They will be here this week. They will talk to us and it would be worth listening.

[English]

Mr. Malcolm Allen (Welland, NDP): Mr. Speaker, this trade agreement reminds me of the old adage that if one does not pay attention to history, one is bound to repeat it. It seems that in this case we may be repeating a mistake that was made not that long ago and many miles away. It reminds me of what happened in the dry docks in the U.K., which faced similar unfair competition. Hundreds of those dry dock workers came to work in the dry docks in this country which at that time were flourishing. Indeed, this country recruited those workers in the hundreds because of their skills and the value they could bring to our country's dry docks.

Government Orders

I remember that all too well. I was a youngster at the time and my father was one of those workers who came to this country as a dry dock worker. He was a shipwright by trade. Those who know the marine industry know the types of skills that entails. He brought his family here and obviously we stayed.

We left the U.K. because the dry dock in Clydeside where he had a job, while it had been there for over a century was going and is now gone. In fact the remaining piece on the Clydeside is a crane. On that crane is a large plaque commemorating the lives and the work of those shipyard workers who built those ships. It would be a shame if this country were to build that last crane and place a plaque on it in memory of all those shipyard workers in this country who have gone before and there would be no more again.

That is why it is so important as we consider this bill that we look at the parts that affect the shipbuilding industry and those highly skilled and valued marine workers who work in the shipyards day in and day out. They provide services to us. They build coast guard vessels, and hopefully soon will build Department of National Defence ships, provided that the government decides to do it here.

Quite often the United States is held in esteem by many nations throughout the world as being a country to look up to, a country to emulate, and a country that has great ideas. I agree with that. In fact the U.S. had a great idea called the Jones act. That act talks about U.S. ships that will be built with U.S. money, that will be built by U.S. workers in U.S. shipyards. It seems like a great idea, especially when using taxpayers' dollars.

All too often Canadians think that we do not spend their hard-earned taxpayers' dollars as wisely as we could. I guarantee that if we spent those hard-earned dollars that Canadians entrust to us on building ships, they would thank us. They would say that it was a wise investment, a good choice, an excellent idea.

We are entering into a trade agreement with countries like Norway. Norway has developed a strategy, and good for it. Norway should do what it has done over the last 20 years. Norway's shipyards are flourishing, efficient and well stocked with skilled workers.

During that same period of time we ignored our shipyards. We let them decline to the point that today one-third of the shipyards in this country operate at one-third capacity. That is a shame.

My riding of Welland encompasses more than the city of Welland. It encompasses Port Colborne. Almost half the Welland canal runs through my riding. The history of shipbuilding along that canal goes back to the 1800s. We want to see a flourishing shipyard industry in this country where marine workers are proud to build ships that fly Canadian flags.

• (1725)

What we are looking for is a policy that asks, what is wrong with Canadian workers? Why do we not want to invest in those Canadian workers? Why do we not want Canadian workers to build Canadian ships?

It amazes me, as someone who is new to this House, that every now and again it seems that we forget why we are here. Canadians sent us here to advance what they wanted to have advanced for them.

If we went to a dry dock today, and I have not been to one in a while, during the election campaign, but I would be more than happy to go back, I believe those marine workers would say that they want us to spend that money on Canadian yards, on Canadian workers, building Canadian ships here, not in Norway. I think we would find, regardless of which political party we belong to, that those workers indeed would say that.

The simple matter is that that investment multiplies itself through an economy. If we had decided to tender that defence ship rather than saying it was going to cost us a few pennies more, we could have had that investment go in as part of a stimulus package that would actually help those dry dock workers and those communities flourish. Unfortunately, that has not happened.

My father first got hired in a place called Collingwood. Many members many not remember that Collingwood actually had a shipyard. We used to be able to look down its main street and we could see this great big ship at the end of the street. It looked like it was parked on the street, but indeed there was a dry dock there.

Across this land there were many places where there were dry docks. Unfortunately, too many of them have closed. It seems to me that what we ought to do is make sure that not one more yard closes in this country, and one of the ways to do that is to ensure that we invest and make sure that we actually put those workers back to work, building a fleet of ships that not only would they be proud of but this country would be proud of, and that would emulate the best in the world.

I have absolutely no doubt that we would build anything but the best. Our workers are the most highly skilled, and given a level playing field, can be the most competitive and efficient in the world. What they need is an opportunity. With this particular bill, those workers are not going to be given that opportunity.

It is amazing the folks that actually talk about getting an opportunity. Some inside the Shipbuilders Association would say, "Perhaps we ought to just let it go", but that is a defeatist attitude. That is not the attitude of Canadian workers. Canadian workers do not have a defeatist attitude. In fact, Canadian workers are very optimistic. All we need to do is have some faith in those workers and put some investment in those workers, and indeed we would be building some of the finest ships, if not the finest ships, the world has ever seen. One of our friends in the association said:

—we're very good friends with them, and we don't mind doing that, but now we feel that they're putting the boots to us. Not only do they want us to buy their equipment, they want to build the ships in Norway, put their own equipment on them, and then send them to Canada. I think the government has to think a long time before it does that.

Why would he say that? There is more to a ship than just simply building a hull. There is all manner of instrumentation and high technology. Depending upon where it goes, if it goes into the oil fields, in the offshore, it becomes a very intricate piece of equipment that requires a great deal of technology. That type of technology is extremely important to this economy. We do not want to have that type of technology leave this country, since it is our offshore that these ships will be working in. I am sure our offshore workers on those drilling platforms would really want to see a Canadian ship, built by Canadians and flying a Canadian flag, heading out toward them as they work that platform.

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• (1730)

What it also would do is make sure that we protect those jobs. When we talk about the Jones act, it has been in place since 1920. That is a long time. It will soon have its centennial anniversary of 100 years. Yet, it has never been repealed. It has never really ever been challenged, not under NAFTA, not under WTO. It just exists. Everyone acknowledges it. Everyone accepts it. Yet, when it comes time to protect Canadian workers, we cannot find the courage to have an exception for our workers, but we are quite happy to turn a blind eye, nudge, nudge, wink, wink and say it is “Only America, it is okay, let it be”.

It seems to me that we ought to have the same legislation here. We could call it whatever we want, Jones 2 if we like, but at least we ought to have an equal playing field. We would like to see a structured financial facility, an accelerated capital cost allowance for the industry, and an effective buy Canada policy for all government procurements.

When one looks at this sense of procurement, what does it really mean? It means spending hard earned taxpayers' dollars that we collect in Canada. The net beneficiary of course of collecting that money and spending it here would ultimately be the Canadian taxpayer who actually paid it in the first place. Some might say, “That might cost us a bit more”. Indeed, it might. Perhaps it will cost us \$1.05 when we might have been able to buy it for \$1.

However, it seems to me if we spent that \$1.05 on a Canadian worker, that Canadian worker has to repatriate some of his money back in the form of taxes and that \$1.05 that it cost indeed might only cost 85¢ by the time the 20¢ is paid back in taxes. Ultimately, we are 15¢ ahead on the \$1. It seems like a bargain. Then again, I am not an economist.

I am just the member for the riding of Welland who remembers as a child all those boats being built and all those workers being employed. Now he sees the service facilities in his riding working at less than half capacity and in some cases shut down for periods of time, and has not seen a new ship built in those yards in a great number of years and would ultimately like to see that.

As my colleague from Nova Scotia said earlier, there is about \$22 billion that needs to be put into infrastructure in the marine industry. It seems to me there is not a yard across the country that would not be busy if indeed we did that.

Unfortunately, we are not doing that. We are letting these yards dry up as if it does not matter, as if someone else will do it for us, and indeed they will. But when we no longer have the capacity to do it and someone else does, we are at the mercy of them and what they wish to charge us when we need those ships to go to those drilling platforms, to assist those workers, to resupply them, and to do all the necessary things that those rigs will need.

It would be a shame if indeed what we thought would be an effective trade deal turned out to be an expensive one for Canadians because we ended up not keeping a shipyard business.

Shipyards go back a long way and a lot further back than just the story I recounted as a youngster coming to this country with my parents. Shipyard building for a marine nation such as ours goes

back hundreds of years. In fact, it was marine nations that actually were able to send ships here in the first place that ended up meeting the first nations of this country all those hundreds of years ago. It seems to me that what happened at that point was those marine nations understood the type of infrastructure that was here when it came to lumber and indeed created the marine industry that has lasted all those generations.

• (1735)

We need to continue to build on that. Andrew McArthur from the Shipbuilding Association of Canada and Irving Shipbuilding said:

So our position from day one has been that shipbuilding should be carved out from the trade agreement. We butted our heads against a brick wall for quite a number of years on that and we were told there is no carve-out. If the Americans, under the Jones Act, can carve out shipbuilding from NAFTA and other free trade agreements, as I believe the Americans are doing today with Korea, or have done, why can Canada not do the same?

It seems to me that is an extremely relevant question. Why can Canada not do that? We have the power in the House to do that. Even for someone who has been here for such a short period of time, I think it is day 16, but it seems to me that is what we are empowered to do. We actually have, as Mr. McArthur said, the power to do that. What a novel thought, that we would actually enact, take that sense of urgency that marine and other workers across this country are giving to us and say we have to act on behalf of them. The Americans did. Why would we choose not to? If it is good enough for American workers all those years ago in 1920, surely to goodness in 2009 it is good enough for Canadians. So I would ask the government to look at carving it out.

As my colleague said earlier, this is not a bad total trade agreement. There is just a piece on shipbuilding that does not fit what Canadian workers need to have. We want to carve the shipbuilding piece out. Let us do what other nations have done. They have ultimately, over the years, done similar things and there is no reason why we cannot do the same.

Since the power is in our hands, proverbially as they say, that is the thing I have learned in the House, then why not utilize it? Why not indeed act upon it? That would be a novel thought for the House to protect Canadian workers at a time when they are most vulnerable, at a time where we can actually do something for them. They would say to us that we made the right choice, a great decision, and indeed had an effect on their lives, not only theirs from a personal perspective, but their families, their communities and ultimately this country. That would be a magical moment for a new person in the House like me, to actually say, when I leave this place, that we made a difference in the lives of Canadians. This is our opportunity.

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It would be a shame for us to let that opportunity pass because ultimately we will be held to account for those opportunities that we let pass. I do not necessarily mean in elections. Ultimately, we have to look at what we have done as a lifetime of work for our fellow citizens, our communities and our country. That is the test we hold ourselves to when we make a difference, not whether to get re-elected, but whether we made a difference for Canadians. This is an ample opportunity to make that difference.

I would ask the government and my colleagues on the opposition benches to take a hard look at this piece of legislation and take the opportunity to act on behalf of Canadian workers, just like the Americans did with the Jones act, and exempt this piece on shipbuilding, so that it defends shipbuilding workers in Canada and allows them to get back on equal footing.

• (1740)

Hon. Gordon O'Connor (Minister of State and Chief Government Whip, CPC): Mr. Speaker, I do not normally get involved in these debates, but I can only take the NDP's dire prediction of the shipyards for only so long. I want to lay out what is really happening.

In Canada we have shipyards in the Atlantic region, in Quebec, Ontario and B.C. All of these shipyards at this moment are doing good in their commercial business. For example, the Lévis yard, which was going to go out of business a few years ago, was bought by the Norwegians. It is producing the various rigs for oil and gas. All the other yards are operating.

I want to clarify what the government policy is with respect to ships and shipbuilding. With respect to government contracts, the DND or the Coast Guard are compelled to start with Canadian shipyards and deal with them. They are—

• (1745)

Mr. Peter Julian: You cancelled them.

Hon. Gordon O'Connor: Mr. Speaker, if the member would let me finish, he can then answer.

On the order books right now are four submarines will be upgraded, 12 frigates will be upgraded, 6 to 8 Arctic vessels will be built, 3 support ships will be built and 98 Coast Guard vessels will be built. They have not been cancelled. The first round of bids on the support ships were not acceptable, so they are going to try again—

Mr. Peter Julian: They were cancelled.

Hon. Gordon O'Connor: You obviously do not understand government or how the process works.

We have so much work for our Canadian shipyards that they will be busy for more than a decade.

We have to look at the cost, the capability and the schedule. If a shipyard cannot build something, or none of our shipyards can build a specific vessel, then we will have to go offshore. For anything offshore, we are committed to 100% industrial benefits in Canada. If somebody in a foreign country receives one of these contracts, the company would have to invest the equivalent of \$1 for every \$1 we spend—

The Deputy Speaker: Order, please. I am afraid I am going to have to cut off the hon. government whip to allow time for the member to respond.

I did hear some use of the first person and some people talking when the whip was speaking. If we could just reserve questions and comments to when the chair recognizes members that would be helpful.

I will allow the hon. member for Welland an opportunity to respond.

Mr. Malcolm Allen: Mr. Speaker, the government cancelled a lot of the programs. The government might reinstate them at some point, but right now they are not there. I looked at the budget and the amount of money that was allocated to build two new defence ships. The government cancelled the program because it said that it was too expensive. The government decided not to build them, so at this point they are not being built.

Even the Canadian Shipbuilding Association says that it is a shadow of its former self. The shipyards left in the St. Catharines area are not robust. In fact, just a year ago the port Welland dry dock had nobody in it because there were no boats to build and no repairs to make—

Hon. Chuck Strahl: And what about now?

Mr. Malcolm Allen: Perhaps there might be if the money flows, Mr. Speaker, but then again the government has to ensure it does not cancel this one. Ultimately, we need to build up those abilities again.

The hon. member mentioned that we had to build these things overseas because we did not have the ability anymore. The reason we do not have the ability is because you let it slide away. You allowed those skills to erode. You did not give those workers the ability to work. You need to take some of your training money and reinvest in those workers and those yards—

The Deputy Speaker: I know the hon. member is new to this place, but I will remind him that we do not direct comments directly at ministers and use the first person, but through the chair.

The hon. member for Burlington.

Mr. Mike Wallace (Burlington, CPC): Mr. Speaker, I was in my office listening to the presentations from my friends from the New Democrats. I welcome the member for Welland. To give them a little sense of my understanding, in the last two years I have done a study in the port of Halifax, Quebec City, Toronto, Hamilton and St. Catharines. I have been on the seaway. I have been on the Welland Canal. I have been to the port of Vancouver and I have been at the port of Prince Rupert.

This free trade deal is about a 25% duty that will be phased out over a 15-year period, not overnight. Nothing changes in the first three years and then it is a gradual removal over 15 years. If one looks at how much money the Canadian shipbuilders have invested in Norway over the last number of years, it is \$16 million. It is like an oil change. One tanker is worth \$130 million.

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There has not been a tanker built in Canada for the Great Lakes system since 1985. Those skills have gone over there. However, we have a robust shipping business in our country. Our shippers need product that is more environmentally sensitive to be able to move product from A to B. It is a good deal for Canada and it is a good deal for us to have these free trade agreements with different parts of the country.

The members like to talk, and I hear it all the time, about a combined ACCA, or accelerated capital cost allowance, and a combined SFS to make it more economical for a shipper to buy a foreign ship. When I was in Quebec City, the biggest ship owner in Canada was there, and it had put out for purchasing. It could not get anybody to buy. It is paying the 25%, which cannot be financed. What difference does that make in terms of actual cost to a \$130 million vehicle?

• (1750)

Mr. Malcolm Allen: Mr. Speaker, there is no question that ships move things, and I guess vehicles do as well. Twenty-five percent of \$130 million is somewhere akin to about \$35 million, give or take \$100,000.

We have seen trade treaties and tariff things eliminated before. The argument is always that it is over an extended period of time. The shipbuilders' association and the marine workers are saying that they understand it is over a period of time. They are asking for a re-training program and the opportunity to do what the Norwegians did for the same 20 years that we did not do, which is an industrial policy that talks about marine workers in the shipyards.

If the government were to do that and give them the same opportunities that Norway gave its yards, we probably might accept that trade-off. However, it seems to me that this is not what it is proposing. We are going to eliminate the duty and tariffs, and it will go. It reminds me of the auto pact. It did the same thing there. Ask me how the Big Three are doing today.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Speaker, the Conservatives are waking up. They are starting to realize they have lost this debate because, unfortunately, they made the tragic error of throwing together a bill around this bad EFTA agreement without thinking of the impacts on shipbuilding. Now that it is being thrown back at them, they are starting to awaken to the fact that Canadians are not going to tolerate a government selling out again, like it did with the softwood sellout, another major industrial sector.

The Conservatives have said that the NDP is making comments about this EFTA agreement. I started to quote the many comments we heard from shipbuilders and marine workers themselves, all of them condemning the EFTA agreement and the lack of a carve-out. Why is there not a carve-out—

The Deputy Speaker: Order, please. There are 20 seconds left for the hon. member for Welland.

Mr. Malcolm Allen: Mr. Speaker, the bottom line is we need a carve-out and all it takes is courage on behalf of parliamentarians to simply say that we will carve it out.

Mr. Jack Harris (St. John's East, NDP): Mr. Speaker, it is a pleasure to speak to the bill before the House, Bill C-2, on the European Free Trade Association trade agreement. It is important to

understand what we are talking about. There are only a few countries involved: Iceland, Liechtenstein, Norway and Switzerland. There is also an agreement on agriculture between Canada and the Republic of Iceland and various agreements related to the Norway and the Swiss federation on agriculture as well. They are part of the bill.

This party believes in trade. We believe in fair trade. I know a lot of members across the way would like to guffaw about that. They seem to think that free trade is a thing we do by taking off our warm coats and exposing ourselves to the cold for reasons of fashion. It is fashionable to talk about free trade and trading with other countries.

Our party believes in fair trade. We have a lot of examples of that. The Auto Pact is one of them, where there is a fair trade agreement between Canada and the United States dealing with trade and very important commodities at serious risk today. However, the government has a very one-sided view on trade, and that is knock down the barriers and we will have free trade. However, when it chooses to do it, it seems to choose to do it with people who have already put their own industry in a position where they are anxious to enter into a free trade agreement with Canada because Canada is not willing to protect its own industries.

We have heard various speeches this afternoon. I was particularly impressed by the speech by the member for Sackville—Eastern Shore, who has been on the shipbuilding file ever since he entered the House of Commons. I have worked with him over the years on this file, as well as with other members of the shipbuilding industry, in particular, the Marine Workers Union. The Government of Newfoundland and Labrador was very interested in this, as well. Newfoundland and Labrador has a great interest in shipbuilding. The Marystown shipyard, with the Cowhead facility, has been active in building up its capacity and ability to actively participate in shipbuilding ventures. We have been following this file tremendously.

In fact, if the government of the day and the previous governments listened to the member for Sackville—Eastern Shore for the last 11 years, we would have a shipbuilding industry that would be able to compete on a level playing field with Norway and we would not be probably in this position opposing this aspect of the bill. We would have had what Norway has had for the last 10 or 15 years. It used to be called an industrial policy on shipbuilding.

I know industrial policy is a very unfashionable word among the think tanks of the right, industrial policy as opposed to this whole notion of “let the free enterprise system do everything”. It is some ideological mantra that has got us where we are today in the world with the collapse of the international financial markets and the stock market as a result of this blind ideology of deregulation, free trade and lack of concern over the ways in which governments can and should regulate industry, protect their national interests and ensure that the kinds of things that should be happening are happening.

Government Orders

We are a coastal nation, as has been mentioned before today. We have the longest coastline in the world, the Arctic, the Pacific and the Atlantic, areas where we have a national interest, whether it be on the east coast with respect to protection of our fisheries and coastal protection in general, environmental protection in the Arctic, which is very important, and in the Pacific as well. Yet we have a situation where we do not really have a shipbuilding industry policy.

I listened to the minister of state, the chief government whip. I am glad to hear that all these shipbuilding projects are, I think he said, on the books.

• (1755)

The books were presented to the House of Commons the other day. I did not see all these projects. I did not see the joint supply ships back on the books. I did not see the Arctic icebreakers that we need and which the government said it has to have in order to ensure our Arctic sovereignty. I did not see them on the books in the budget.

Here is a budget that is supposed to provide economic stimulus to the industrial workers of Canada. If the contract for the joint supply ships alone had gone to the Marystown facility, it would have provided about 20 years of long-term stable work, the construction phase for about eight or ten years and a longer term maintenance project for the joint supply ships, which is something that Canada needs. We all know we need it. The government knows we need it, but what did it do? A couple of days before the election was called it shut down that project. It shut down that bid.

Why did the Conservatives do that? They said the price was too high. The price was too high because the project was initially costed back in 2002. The government never made any allowances for the increase in costs of procurement and materials, labour and everything else in between. Of course, when the price eventually came in, it was over what was anticipated in terms of the budget.

There is something wrong with a government that is not prepared to recognize that if we do not move fast on projects, the costs will obviously go up and we still have to decide whether or not we need these facilities and ships.

I listened carefully to the budget and I did not hear very much about shipbuilding, but I have to say that I was very pleasantly surprised when I looked in the budget documents, the big thick book that we got with the budget. Lo and behold on page 172 of the budget there is actually a section called “Shipbuilding”.

I was very enthused because I thought that the joint supply ships would be put back, the Arctic icebreakers would be built and we would see a serious attempt by the government to recognize the needs of the shipbuilding industry in Canada. What did I find? There is a recognition of the importance of the industry with 150 establishments, 30 shipyards across the country, recognizing, contrary to what the minister of state has said, that everybody is thriving. The budget itself recognizes that in recent years the industry has experienced decline in demand which has been exacerbated by the economic downturn. The Minister of Finance must need to hear from the government whip, who would inform him that everybody is thriving and everybody is busy. However, that is not the case.

The government's response is to have a shipbuilding program, so called, that involves \$175 million to build something in excess of 90, what it calls, vessels. Someone talked about conveyances or vehicles a few minutes ago, but the government calls them vessels. What are these vessels? Sixty new small craft and 30 environmental response barges. The last time I looked, a barge was not exactly a ship. It goes in the water and it floats, but I do not see it as the kind of thing we would regard as a major undertaking in the shipbuilding industry. Obviously it is very necessary, do not get me wrong, and I was delighted to see the term “shipbuilding” being used.

I was delighted to see the recognition of the importance of shipbuilding, but I was very disappointed to see that what was involved here was new small craft. It does not say how small they are. Thirty barges, five lifeboats and there were three inshore science vessels. Those are important. One is home ported in Mont-Joli, Quebec, one in Shippagan, New Brunswick and one in Saint Andrews, New Brunswick, so there are two in New Brunswick and one in Quebec. Again, we do not know how big they are. We do not know whether they play the same kind of role as the very important scientific vessels that have been operating off the east coast for the last number of years.

• (1800)

We see vessel extensions as part of the project. The *Cape Roger*, whose home port is St. John's, is one that will be given a major repair.

There is something called vessel refits. There are 35 vessels scheduled for refit. These vessels are not large craft. There are 60 small craft, 30 barges, 5 lifeboats, and 3 inshore vessels. There are 98 vessels being built along with a number of major refits totalling \$175 million. As the minister of state would know, when dealing with the building of ships, that is not a lot of money, \$175 million for 98 vessels, not counting the ship repairs and the major refits that are involved. That money is spread out very thinly across the country.

What we did needed to see was a recognition that a national shipbuilding program was going to be part of an ongoing effort by the government to ensure that we have a shipbuilding industry that is able to compete. It is one thing to talk about how this is going to take place over 15 years and is gradually going to go down, but what are we going to be doing in the meantime?

If the Liberal government back in the 1990s, and the Conservative government, both the current one and previous one, had listened to what the member for Sackville—Eastern Shore was saying throughout the years, we would have a shipbuilding policy and we would not be complaining about the problems of engaging in competition with Norway. This really should be taken out of the trade agreement, the same way it was taken out of the free trade agreement with the Americans.

Countries protect their interests when they are dealing with trade deals. That is why, for example, the Americans refused to repeal the Jones act. The Jones act has been around since 1920. It is a piece of legislation that protects American shipbuilding under the guise of defence. The Jones act says that with respect to commercial travel, one cannot travel between two ports in the United States without having a ship that has been built in America, is manned by Americans, is owned by Americans and operates within America. It cannot be done, unless it is on that kind of ship. Canada has no such policy. America refuses to get rid of that policy. We do not have an equivalent policy in Canada.

It appears that we have no desire to develop a shipbuilding policy that is going to protect our workers and our industry before we are forced to run head to head with the Norwegians. The shipbuilding industry has asked to have this excluded from the agreement with good reason. The industry knows what Norway has done to build and support and protect its shipbuilding industry for the last 15 years. If there was a commitment, if we had an industrial plan laid out, a long-term commitment of government funds, it might be a different story, but we have not seen that.

There is an opportunity at this time when governments are being given permission by all the economists, the public and other nations of the world to engage in economic stimulus. The conditions are most favourable for the kind of investment we are talking about, and the response from the government is \$175 million to deal with 98 smallish—and I do not want to put them down totally—but smallish projects for the Canadian coast guard.

No doubt these vessels are needed. No doubt their refits are needed. We have seen inadequacies in our coast guard. In fact we have seen situations where the coast guard was so inadequately financed that the ships were staying in port. The ships were not going out because there was not enough in the budget to pay the diesel fuel to move the ships around, to protect our coastal waters, to protect our environment, to inspect the fisheries. They were staying in port because the government was not giving them enough fuel. That is the state of the support for our coast guard.

• (1805)

We see some change. At least the coast guard will be given some vessels that it needs, but it is not being given the support for the important role it should be undertaking in protecting our waters for environmental reasons, in protecting our Arctic sovereignty, in ensuring that fisheries patrols are carried out efficiently and effectively. These are the kinds of things that should be part of a modern, industrial, coastal nation such as Canada and they are absent here.

There is another aspect of this agreement which I will only touch on briefly because other members have talked about it. It goes back to the whole notion of fair trade. Why is it that Canada does not protect to the degree required the supply management system? It is an important way that we secure our food supply. Food security in an uncertain world is becoming more and more important. It is going to become even more important as we see the ravages of climate change on food production in other parts of the world, as well as in Canada.

Government Orders

We have to recognize that part of our responsibilities as a government and as a people is to ensure that food supply is available when we need it, that production is here, and that the people who are engaged in the production have an opportunity to make a reasonable living. They play an important role in ensuring that our economy is safe from the kind of vicissitudes that can occur when trading goes awry or when food supplies go awry and we do not have the kind of supply that we have built up through a totally free trade system coming from other nations.

Supply management is part of that. It is a building block for a fair trade system and should be protected better than it is in this particular agreement.

Supply management plays an important role in ensuring that production occurs across our country. Some of our colleagues from Quebec have spoken about the importance of the dairy industry to that province and I agree. In Newfoundland and Labrador, for example, by securing part of the quota for industrial milk, it has been able to build its post-production with commercial milk, yogurt and other dairy products. These are value-added products from industrial milk quotas protected by the supply management system, a necessary kick-start to an industry that would have great difficulty growing on its own, especially with the cheap products coming in from outside the region, because they have had an opportunity to build up an industry over a longer period of time.

These are the two main problems that we have with the agreement. Why is it that there cannot be a carve out of the shipbuilding industry? It should be taken out. In the absence of a rather robust and long-term commitment for shipbuilding and industrial policies in this country, our shipbuilding industry will be put at risk. This is something that we do not want to happen.

Those are my remarks. I would be pleased to respond to any questions or comments from members on this matter.

• (1810)

Hon. Chuck Strahl (Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, CPC): Mr. Speaker, I would like to comment on what the member had to say.

It is interesting to preface the remarks that the NDP members really are free traders at heart, but they just cannot support this free trade agreement. Of course they could not support the Canada-Israel free trade agreement. They voted against the Canada-Costa Rica free trade agreement. They promised to vote against the Colombian free trade agreement, the Peru free trade agreement, and any other free trade agreement that would come before this House, but other than that, they are fully in favour of free trade. That is very interesting.

When it comes to supply management, I was in Geneva, I was in Davos representing supply management and agriculture during those discussions. We are the government that brought in compositional standards for the dairy industry. On behalf of my government, I received the first and only standing ovation ever given to a minister, because we actually moved ahead on all that. We actually believed in all that. We actually supported all that. That is why we made sure in this agreement that supply managed industries are protected. They are protected. The member should read the agreement.

Government Orders

There are a couple of other things. One is that when it comes to a domestic shipbuilding industry, the hon. minister has already made mention of how the work that is lined up in the shipbuilding industry in Canada is not only for this year but it stretches out for the next 10 years. There is a lot of good work with lots of well-paying jobs all across the country, wherever there are shipbuilding facilities. That is good news. That is because of the actions this government has taken on a procurement basis to make sure that that happened. There may have been empty work yards a year ago, but it is not happening now. It is not only good news now, but it stretches off into the future.

Regarding the NDP's solution to shipbuilding, members could go to B.C. and see that just offshore there is \$450 million tied up in an NDP fiasco called the fast ferries. Anytime we want to witness how the NDP shipbuilding strategy works, there are empty vessels parked on shore at taxpayers' expense that have never turned a wheel. That is the trouble with economic illiteracy and it is abounding in the NDP in this debate today.

Mr. Jack Harris: Mr. Speaker, I want to congratulate the member on his standing ovation in Switzerland for his support for supply management in this country. I have not seen him getting many standing ovations on this side of the House on the actions of his government with respect to the Wheat Board either.

If the minister is actively supporting supply management and prepared to defend that in international agreements and in all international efforts, I want to thank him for that. I think that is what the government has to do and has to do vigorously.

As to his comments about the NDP being free traders at heart but simply do not support free trade agreements, what I said was that we believe in fair trade. Fair trade has elements of free trade, but it has elements of ensuring that we do not go into a free trade agreement and expose ourselves to the elements that other countries have built up through subsidies and through long-term industrial policies in their countries and then come knocking at our door and say, "We'd like to have a free trade agreement, remove barriers so we can come in and penetrate an industry that you haven't done a very good job of protecting".

That is what we are saying here, that it is an industry where Canada has failed to have a proper policy. I guess the government's budget is a good example of that. There is reference made to shipbuilding and the importance of shipbuilding in the decline, but then where is the response? The response is to say, as the government whip said, "We've got all this work on our books but we're not going to do it. We're not going to do it in this budget". We have an economic stimulus budget that is being bragged about as the greatest level of stimulation to be put into the economy in decades, but what is there for shipbuilding?

Out of the \$64 billion deficit that the government plans to run in the next two years there is \$175 million allocated for shipbuilding. That is not enough.

•(1815)

Mr. John Rafferty (Thunder Bay—Rainy River, NDP): Mr. Speaker, I certainly appreciate the member's comments and certainly the minister's comments just before that. I invite him to come to Thunder Bay to see our shipbuilding facilities where not one ship is being built at this moment and not one ship was built last year. I

invite him to come and I will personally show him around. The government mentioned that extending tariffs for some vessels for up to 15 years was an important part of EFTA. Without any other measures, is this not simply a stay of execution for the shipbuilding industry?

Mr. Jack Harris: Mr. Speaker, surely, this is all it is doing. It is saying this is okay because it is stretched out over 15 years. Somehow or other the industry is supposed to respond to this on its own while we are competing with an industry that has been built up, supported, developed, subsidized, and nurtured by a government such as Norway, a country with one-third of the population of Canada but that has done a very good job of managing its internal resources, looking after its people, and making sure that when it develops an industry it is an industry that can compete in the world.

We have for example Norse Hydro which is participating in the offshore of Newfoundland and Labrador to a greater extent, through Statoil Hydro which is participating in the offshore of Newfoundland and Labrador with 12% of one project and 18% of another. They are active players in our offshore as a government agency. Norway has done this kind of work in ensuring that it is an international player in shipbuilding, in aquaculture, in salmon marketing, and all sorts of industries that it nurtured and developed. Shipbuilding is one of them.

We have to do the same if we hope to compete. Just sort of staging a withdrawal or staging out tariffs is essentially a staged withdrawal from being a competitive player, if one does not do the work on the ground to make it happen.

Hon. Gordon O'Connor (Minister of State and Chief Government Whip, CPC): Mr. Speaker, I want to explain budgeting very quickly. Starting in 2006, and through 2007 and 2008 our government committed billions and billions into the shipyards. They may not show up in this budget, all these billions, but they have been committed by the government. Therefore, all those DND projects are there. The money is there and it will be spent. It just does not show up in this budget. The member has to go back and do the research.

•(1820)

Mr. Jack Harris: Mr. Speaker, I appreciate the explanation of the government whip, but we have had the same experience with the infrastructure funds where there are billions of dollars on the books but they are not being spent, so what good does it actually do? I thank him for his comments, but we will be looking actively for that money being spent.

Government Orders

I see the \$175 million in this budget for the 98 vessels on a cash basis, and perhaps the member can explain to me whether I am right in assuming that a cash basis means that if we do not spend it in this budget year, then it is not on the books, that it is gone and it will not be spent. I think I am right in saying that, but if the member is right when he says that other projects are on the books, then we look forward to his government making an announcement as to when the joint supply ships will be constructed, and when that tender will go out again so we can see some action on it.

Mr. Brian Masse (Windsor West, NDP): Mr. Speaker, I am glad to rise to debate this issue. It is very important, especially given the fact that as we look at another trade agreement we have our current agreements that are not being complied with. We have seen this government capitulate with regard to softwood lumber. There, we were able to pull a defeat from the jaws of victory. We had won the court cases and had the victory through the dispute resolution process, but we decided instead to settle for defeat.

The consequence of that, as we have heard from the member for Thunder Bay—Rainy River, is that the industry has basically become a net exporter of raw resources and has a diminished capacity for secondary post-production, which is the real value of some of the skill set training and knowledge of Canadian workers. That is important to recognize because we further undermine our ability to protect this country and also prosper by becoming a net exporter of resources.

This Parliament is moving forward rather quickly with regard to a trade agreement with European trade partners. We have been neglecting the United States file, as the Americans have put a buy American caveat in their legislation for their stimulus package. That has led to quite a bit of confusion right now and the government in question so far has stated only that it would monitor the situation and talk to people.

Yet, it has not set up a plan B. Unfortunately, a plan B is very important. Even if the government did not want to move on that particular issue right away, there should be work and at least the admittance to do that because we are not taking advantage of opportunities. There are classic examples of this.

This trade agreement is tied to the stimulus package in the sense that it is an opportunity to be able to do new and exciting things. Even if one took the minister's words to heart regarding our over-capacity, we have heard counter-evidence to that effect. The member for Thunder Bay—Rainy River has invited the minister to come up to his riding to see where ships used to be built. Even if we were at the point where we had 10 years of work, as the government chief whip said, there is nothing stopping us from increasing capacity here and developing it further.

That is important to note because it is all well within our rights, especially when we look at the current trade agreements and the fact that we are partners with the United States. A lot of the American defence procurement is done in a way that protects its workers and also its national interests by making sure its defence capabilities and manufacturing base is there. Some of the technological advancements, through many of these procurements, are very beneficial to other parts of the economy, not just the workers who are doing the work on the line or in the research and development phases, but also

as it spins off into other technologies and other uses of new goods and services including materials that make up everything from computers and electronics to new types of construction elements that can be applied quite often in a civil society.

When we look at the Canadian side, we do not believe it is okay for Canada to sit back and depend upon others to manufacture some of our most important aspects to make sure we have a safe, sovereign country. The most recent glaring example has been the Navistar truck plant in Chatham, Ontario, which could have been retooled to produce a truck for our military. Instead, we are sending a quarter of a billion dollars of money down to Texas so that the Navistar facility there will have the jobs. It will have the advancement of the technology as the trucks are improved. It will also secure a number of different contracts in the future. Here, we are vulnerable to seeing our plant, which is already at a diminished capacity, firing hundreds of people and leaving for Mexico. That is sad.

We have heard the argument that we cannot do anything about it. That is absolutely nonsense and it is not true. We can have that procurement under the current trade relationship we have. No one would place blame, just like we do not blame the United States if it has particular aircraft or different types of military elements that it wants to ensure it has in its actual custody. Then, I could understand the argument regarding national security. The Americans would at least have the basis for that. We could engage them in a wider attempt to open up both of our nations for a fairer policy. However, we do not challenge that. We just surrender and run up the white flag.

• (1825)

Lately we have Canadians whose jobs we saved just a few years ago. The Liberals at that time said they could not do anything for Navistar in terms of retooling and training to produce a new vehicle because it would violate NAFTA and be against all the rules. There were a whole bunch of lies and misconceptions.

The government finally capitulated and a small investment went into that facility. The men and women of the Chatham and greater southern Ontario area benefited, and they paid it back into the coffers of this country quite significantly because they paid income tax and made donations to the United Way, making sure their families could stay in the municipalities and that property values did not slide. There was an opportunity for them to feel secure with their families and to send their kids to school to get an education.

Instead, what have we seen? We have seen the government, with one-quarter of a billion dollars, say that Texas can have that, and that by the way there are no rules and nothing to worry about, and that it is just going to sit back on the sidelines.

The Budget

The sad thing is it is not only the years of lost production and manufacturing and the potential of new contracts that could be won by that type of very modest investment and retooling; on top of that there is the ability of the workers to have self-confidence and of the the community to continue to function in the way it has. The departure from at least engaging in that policy, or at least discussing it, is also leaving out the echo effect that would be quite viable with that type of investment in the Chatham facility. From that we would see the servicing and all the other elements of the trucks that could come from the facility if they wanted to, or we could look at some type arrangement that way.

That is why we are really upset with regard to the potential loss in the shipbuilding industry. It has been noted that Norway has set up a series of investments over a number of years for hard infrastructure that has allowed it to build up its actual capacity. That is fine. It is something Norway decided to do, but it is something we should not ignore. As New Democrats, we are not alone in being concerned about that element and about the reduction of our tariffs over a series of years, which could really undermine our ability. That is what is concerning about it, especially when we look at investors.

If we have so much work, as the minister says, although we have heard evidence counter to that, why would someone want to invest further into this country when there is the competitive advantage in Norway and we would be catching up at this time?

That concern has been expressed by others, even in the private sector. One of them has been Mary Keith, a spokeswoman for Irving Shipbuilding, who said the agreement announced Thursday “is a devastating blow for Canadian shipbuilders and marine service sectors. The Government of Canada is continuing its 12-year history of sacrificing Canadian shipbuilding and ship operators in the establishment of free trade—”

The Deputy Speaker: Order. The hon. member will have 12 minutes left in his remarks the next time this bill is debated.

* * *

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from January 30 consideration of the motion that this House approves in general the budgetary policy of the government and of the amendment.

The Deputy Speaker: It being 6:30 p.m., the House will now proceed to the taking of the deferred recorded division on the amendment to the ways and means Motion No. 1.

Call in the members.

● (1855)

[*Translation*]

(The House divided on the amendment, which was agreed to on the following division:)

(*Division No. 2*)

YEAS

Members

Abbott
Aglukkaq

Ablonczy
Albrecht

Allen (Tobique—Mactaquac)
Ambrose
Anderson
Ashfield
Bains
Bélanger
Benoit
Bevilacqua
Blackburn
Block
Boughen
Breitkreuz
Brown (Leeds—Grenville)
Brown (Barrie)
Byrne
Calandra
Cannan (Kelowna—Lake Country)
Cannon (Pontiac)
Casson
Clarke
Coady
Cotler
Cummins
D'Amours
Day
Del Mastro
Dhaliwal
Dion
Dreeshen
Duncan (Vancouver Island North)
Dykstra
Eyking
Finley
Fletcher
Foote
Gallant
Glover
Goodale
Gourde
Guarnieri
Hall Findlay
Harris (Cariboo—Prince George)
Hiebert
Hoback
Holder
Ignatieff
Jennings
Kania
Keddy (South Shore—St. Margaret's)
Kenney (Calgary Southeast)
Kerr
Kramp (Prince Edward—Hastings)
Lauzon
LeBlanc
Lemieux
Lukiwski
Lunney
MacKay (Central Nova)
Malhi
Martin (Esquimalt—Juan de Fuca)
McCallum
McGuinty
McLeod
Mendes
Merrifield
Minna
Moore (Fundy Royal)
Murphy (Charlottetown)
Neville
Norlock
O'Neill-Gordon
Oda
Pacetti
Patry
Pearson
Poilievre
Preston
Rae
Rajotte
Rathgeber
Reid
Richardson
Ritz
Rota

Allison
Anders
Andrews
Bagnell
Baird
Bennett
Bernier
Bezan
Blaney
Boucher
Braid
Brison
Brown (Newmarket—Aurora)
Bruinooge
Cadman
Calkins
Cannis
Carrie
Chong
Clement
Coderre
Crombie
Cuzner
Davidson
Dechert
Devolin
Dhalla
Dosanjh
Dryden
Duncan (Etobicoke North)
Easter
Fast
Flaherty
Folco
Galipeau
Gameau
Goldring
Goodyear
Grewal
Guergis
Harper
Hawn
Hill
Hoepfner
Holland
Jean
Kamp (Pitt Meadows—Maple Ridge—Mission)
Karygiannis
Kennedy
Kent
Komarnicki
Lake
Lebel
Lee
Lobb
Lunn
MacAulay
MacKenzie
Mark
Mayes
McColeman
McKay (Scarborough—Guildwood)
McTeague
Menzies
Miller
Moore (Port Moody—Westwood—Port Coquitlam)
Murphy (Moncton—Riverview—Dieppe)
Murray
Nicholson
O'Connor
Obhrai
Oliphant
Paradis
Payne
Petit
Prentice
Proulx
Raii
Ratansi
Regan
Richards
Rickford
Rodriguez
Russell

Savage
Scarpaleggia
Schellenberger
Shea
Shory
Simms
Smith
Stanton
Strahl
Szabo
Tilson
Tonks
Trudeau
Uppal
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Sgro
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Storseth
Sweet
Thompson
Toews
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Valerioté
Van Loan
Verner
Warawa
Watson
Wong
Wrzesnewskyj
Young

NAYS

Members

Allen (Welland)
Angus
Asselin
Bachand
Bellavance
Bigras
Blais
Bouchard
Brunelle
Carrier
Chow
Crête
Cullen
Davies (Vancouver East)
Demers

André
Ashton
Atamanenko
Beaudin
Bevington
Black
Bonsant
Bourgeois
Cardin
Charlton
Christopherson
Crowder
Davies (Vancouver Kingsway)
DeBellefeuille
Deschamps

The Budget

Desnoyers
Dorion
Dufour
Faille
Gagnon
Godin
Guay
Basques)
Guimond (Montmorency—Charlevoix—Haute-Côte-Nord)
Harris (St. John's East)
Hughes
Julian
Laframboise
Layton
Leslie
Lévesque
Maloway
Martin (Winnipeg Centre)
Masse
Ménard (Hochelega)
Mourani
Nadeau
Paillé
Plamondon
Rafferty
Savoie
St-Cyr
Thi Lac
Vincent

Dewar
Duceppe
Duncan (Edmonton—Strathcona)
Freeman
Gaudet
Gravelle
Guimond (Rimouski-Neigette—Témiscouata—Les
Hyer
Laforest
Lavallée
Lemay
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PAIRED

Nil

The Speaker: I declare the amendment carried.

[English]

It being 7 p.m., the House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 6:58 p.m.)

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Publié en conformité de l'autorité du Président de la Chambre des communes

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