

# Reserve smokes will be tax free

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SIMCOE (CP) — The provincial and federal governments can forget about trying to collect sales tax when the first cigarette manufacturing firm on a Canadian Indian reserve begins production, say native business leaders.

"Anything on this reservation, in our minds, is tax-free," said Jerry Montour, a spokesman for Grand River Enterprises (GRE), which soon plans to begin producing cigarettes.

"We have never given up our inherent right to be in the tobacco industry. We were the ones that taught the white man how to grow tobacco."

GRE has applied for a manufacturing licence with Revenue Canada. The plant will have the capacity to produce 2,000 cigarettes per minute.

But it still intends to produce cigarettes to be sold on Indian reserves even if the federal government doesn't issue the company a manufacturing licence, said Montour.

Bob Speller, the Liberal MP

for Haldimand-Norfolk, said several federal ministers will meet next to discuss the issue.

There could be a problem "unless this is resolved in everyone's best interests," he said.

The firm needs a federal licence to buy the two million pounds of tobacco it wants from the Ontario Flue-Cure Tobacco Growers' Marketing Board.

"The cigarettes will only be sold on Indian reservations and non-Natives will not be allowed to buy more than two cartons at one time.

"We have absolutely no intentions of distributing to anyone whose purpose is to re-route this product into the city markets," said Montour.

The cigarettes will sell for about the same price as smuggled smokes — \$20 to \$25 a carton.

GRE will employ 60 people, becoming the largest private industry on Six Nations.