

*Government Orders*

• (1530)

As soon as that was done in the fall of 1989, the United States immediately took Canada to the GATT, had a panel struck and within nine months of its complaint had a decision that the import controls being put on ice cream and yoghurt were not in keeping with our international commitments. That decision is sitting there waiting for the United States to demand that it be implemented.

If the GATT agreement does not go ahead it will clearly demand access for those two dairy products. If it makes that stick, it can demand access to our markets for cheese, butter and milk powder. Then the whole supply management marketing system, which has been so beneficial for some 34,000 of our producers will start to crumble.

Either way there is great uncertainty today for the supply managed commodities. It really goes back to that FTA agreement in 1987.

There is very great uncertainty, whether one is talking about the grains and oilseeds sector or the supply management sector. It is nice to see the Minister of State for Agriculture here in the House when we are debating the Farm Credit Corporation Act. He knows the previous Minister of Agriculture misled the dairy farmers and poultry farmers when he said their supply managed marketing boards were fully protected and they would be protected by putting—

**The Acting Speaker (Mr. DeBlois):** On a point of order, the hon. Minister of State for Agriculture.

**Mr. Blais:** I note that the experienced member for Algoma knows better than to say that the former Minister of Agriculture misled. It is not true. I think my hon. friend should reflect on that and withdraw his words. I think it is not true when one looks at what the government has done for dairy farmers and particularly how it has defended the system in Canada. It is the best system in the world.

[Translation]

**The Acting Speaker (Mr. DeBlois):** A situation like this is always very difficult for the Chair, because in debate, interpretations can vary widely from one side of the House to the other. I prefer to let freedom of speech prevail in such cases. The hon. member for Algoma may proceed.

[English]

**Mr. Foster:** Mr. Speaker, it is nice to see that the Minister of State for Agriculture is not so preoccupied with the leadership convention of the Tory party that he recognizes that dairy farmers and poultry farmers are very concerned. They are very concerned because the former Minister of Agriculture, Mr. Wise, told farmers: "You have no fears about this government selling you out. There are no fears that the supply management system is going to be protected".

When he announced to the dairy farmers of Canada in January 1988 that he was going to put ice cream, yoghurt, butter, cheese and skim milk powder on the import control list, Mr. Bentsen, who was the chairman of the Senate finance committee in the United States said: "Mr. Wise, if you do that, we will take you to the GATT and we will open those markets for ice cream, yoghurt and similar products, so don't do it". Mr. Wise said there was no problem, he could do that. Mr. Bentsen reminded Mr. Wise that there was no provision in the FTA for import controls on Canadian dairy or poultry products. The United States has it. It has its GATT waiver. It has complete control. However, in the FTA there was no provision in that way.

• (1535)

After the election in 1988, the government went ahead and put these products on the import control list. The United States government immediately challenged Canada and asked for a petition to GATT to set up a panel. That GATT decision was rendered in September 1989. The government tried to cover it up for months. Ultimately even the Minister of State for Agriculture from *la belle province* agreed, reluctantly I believe, because they had made a promise to accept that GATT panel decision.

Here we sit with a decision by a GATT panel in December 1989 calling on Canada to open its border to ice cream and yoghurt. That precedent could be applied equally to other processed dairy products. Processed dairy products represent 63 per cent of all of our production. One significant thing about it is that a disproportionate amount of it, on a population basis, is located in the province of Quebec. It will really fall to the Minister of State for Agriculture in Quebec if and when the United States demands access for those commodities to explain to those industrial milk producers in Quebec why he ever agreed to that arrangement. Clearly