board and the Dairy Commission, will in effect be frozen at these levels over time.

There seems to be an assumption in the agreement that Canada will not be able to expand efficiently and competitively in these particular areas of production and therefore the import quota levels have been permitted to rise each year according to this agreement.

The agreement provides for an initial poultry import quota increase from 6.3 per cent of Canadian consumption to 7.5 per cent of Canadian consumption in the coming year; an increase in the turkey import quota from 2 per cent last year to 3.5 per cent of the domestic consumption in the coming year. There is an increase in the shelled egg import quota from 0.675 per cent to 1.647 per cent, which is almost triple. There is a similar increase of almost quadruple for processed eggs, as well as a slight increase with respect to powdered eggs.

Furthermore, there seems to be a tacit understanding that there will be additional quotas issued above those levels if they are applied for by importers, and that those additional import levels will become written into the agreement for the coming years. This is a clear signal to Canadian poultry and egg producers that they will have a fairly static market. The poultry market is growing much faster than average, but it will be filled to a large extent with processed products from the United States.

Mr. Belsher: You are reading between the lines.

• (1130)

Mr. Althouse: Perhaps I am reading between the lines, but it seems to be fairly clear. I have checked it with people from Agriculture Canada who have not been able to dispute that assessment. They say there will be some possible renegotiation, but at the moment that seems to be the way the negotiations stand.

The importation of fruits and vegetables and the growth opportunities there I think are even more frozen in time for Canadian producers than is the case under the supply management marketing boards. We retain an ability to provide seasonal import tariffs for 10 to 20 years. However, there are two very firm restrictions on the application of those tariffs. We can only apply those tariffs if the price has fallen below 90 per cent of a five year average formula—and this is the one that I think is the most detrimental to the growth of the fruits and vegetables industry in Canada—and the requirement that our acreage in a particular fruit or vegetable has not increased.

What the Government has in effect done is frozen the current acreage for fruit and vegetable production at its current level. It has not taken into account the possibility of a growth in demand through a growth in population. We are frozen at about 25 million people over the next 20 years. What we have in effect signalled to the producers of those products is, zap, you are frozen, and most of the increase in demand will be filled by U.S. products at a cheaper rate.

It is a vision of no growth in fruits and vegetables. It is a vision of no growth in eggs, in poultry products, as well as in dairy products. The mechanism being used in dairy products is a proposal to do away with any tariffs. This will mean a tendency for processed products such as yogurt, ice cream and some of the cheeses, to come in at the expense of potential Canadian production.

We have set up a system that assumes Canada will continue to be exporters of raw product. We will continue to provide the Americans with red meat and relatively unprocessed products. I remind the House that we have had access to each others markets in red meat on a virtually free trade basis for almost 50 years. That will continue. The way some companies have adapted to gain and maintain access to the U.S. market is something of which I think the House should take recognition.

One of the main plants in Saskatchewan has been exporting pork into the California market. That has always appeared to make sense on the surface. The distance from Saskatchewan to California is closer, or at least no farther, than the distance from Iowa. There are no major pork production units between those production points and the point of consumption. Yet pork producers have often run into difficulties at the border with inspections and sort of non-tariff barriers to the free flow of pork.

One of the ways we have adapted, which gets us around that, is to kill the hogs in Saskatchewan, hang them as sides, run them down to California and have the processing done there close to the final point of consumption. If there is a problem at the border, the workers in the plant, who are American workers, complain to their Congressmen that they are no longer able to get raw product from Canada and they are in danger of losing their jobs. The wholesalers who have been handling this meat go through a similar kind of process and so we have American jobs being potentially hurt and Americans complaining about it. However, what we end up with is only the opportunity to ship virtually raw product into the United States with very little processing—or jobs—in this country.

What we have done with this particular agreement is exchanged access to the American markets for an ability to send in more raw material. This means that in exchange we will import more U.S. processed product, whether it is food in the form of processed poultry, in the form of TV dinners or as yogurt or ice cream. In simple terms, we have made a simple exchange. We have decided to export jobs as far as agriculture is concerned.

Rather than become self-sufficient for our own needs and create the necessary employment and economic activity that goes with it, we have agreed to send raw products south and to bring back on occasion the processed product with the additional costs that go with it to the additional benefit of the American economy.

We have not dealt clearly with all the aspects that affect agriculture in this brief presentation, nor have the questions