

Supply

favoured part of the world. Our farmers do a fantastic job for the Canadian consumer. They are very competitive internationally, but they cannot be competitive if we cannot agree to play by and abide by some trade rules.

• (1240)

The most fundamental approach that any Government can take on behalf of Canadian agriculture, if it understands it at all, is to attempt to put some order in the international trading system. Again, we may be accused of using a policy with which the NDP does not agree, but to say that we do not have a policy shows a fundamental ignorance on the part of the NDP of what Canadian agriculture is all about. Hence, the emphasis on the trade deal with the United States.

For the Hon. Member's information, the agriculture critic of his Party is a farmer who comes from the middle of Saskatchewan, Humboldt—Lake Centre, an area of Canada that produces some of the highest-quality product in the world. With this trade deal with the United States we are attempting to give that Hon. Member as a farmer, and his neighbours as farmers, an opportunity to sell that high-quality product in other markets in the world without trade-distorting barriers, whether they be subsidies or non-tariff barriers. That is why we are so concerned about the GATT negotiations.

The Hon. Member is absolutely right when he says that there are no guarantees that simply because agriculture is part of the agenda there will be progress or a solution. On the other hand, we can guarantee him totally that if agriculture is not on the agenda, something which has been the case in the past, there will be no progress.

Having said that, I believe that considerable progress is being made. However, we should understand that the most fundamental policy any Government of Canada can have on behalf of agriculture, understanding that 50 cents out of every dollar a Canadian farmers earns comes from trade, must be to provide some sanity in the international market for agricultural commodities.

As an example, there is, roughly, a \$2-billion hog industry in Canada and \$800-million of that is exported. That means that 40 per cent of it is exported, and of that amount about three-quarters goes to the United States. Why does it not make sense to try to work out some trading arrangements with the United States so that we will know on what basis we will be able to trade with the United States? That is fundamental.

Our approach is a multi-faceted one. First, we are supporting the farmers, and everyone knows that is for the short run. We are negotiating as hard as we can internationally to bring about some sanity so that farmers can trade with some security of access to markets. In the meantime, we are selling aggressively, using the fact that we have some of the best quality grains and oilseeds in the world.

I would argue that we have one of the best gene pools for livestock, beef cattle and dairy cattle in the world. We produce

quality animals. The fact is that our climate allows us to produce those things. I could go on to list, for all the commodities, the opportunities that exist internationally. However, if Canadian agriculture is to survive on a long-term basis and be the vital part of Canada it has been in the past, it must trade. We are attempting to get some international rules for trading under the leadership of the Prime Minister of Canada.

Mr. Foster: Mr. Chairman, I wonder if the Minister could advise the House if the present formula for payments under the Special Canadian Grains Program which he has outlined in some detail meets the criteria the Government is developing to meet the requirements of the OECD countries. It is my understanding that the OECD countries want a formula for deficiency payments which is totally market neutral. Obviously Ralph Jespersion and the Unifarm organization in Alberta do not think that this is neutral enough. The Minister, however, says that it is. I would be interested to know if it meets the criteria the Government is using for that.

There is a great deal of concern in the agriculture community about how that formula is drafted. Farmers do not like welfare so they do not want a formula that is not related somehow to production. Obviously that is why the Minister is using this particular formula. At the same time, we should not be encouraging recreational seeding.

Would the Minister be willing to table in the House or with the Agriculture Committee the formula which is being proposed for the OECD studies? Second, I appreciate the Minister's comments with regard to the Western Grain Stabilization Act, but there has been great concern among farmers who are not a part of it. They see a special payment of \$750 million being made and they claim it should be paid across the board rather than just to people who take part in the Western Grain Stabilization Act.

Will those people who have applied during the previous crop year, 1986-87, be eligible, as I took from the Minister's comments, to be taken into the fund under the proposed amendments as of August 1, 1987? Will they be eligible for payments during the 1987-88 crop year or will it be the following year? Will it be on a full participation basis or will they be eligible for only a portion of the program?

It seems to me that we should move to strengthen the Western Grain Stabilization Act approach to stabilization, rather than going through the Special Canadian Grains Program, while at the same time maintaining the upper limit at a level which does not end up seeing many very large farmers receiving very large payments.

Mr. Mayer: Mr. Chairman, the Hon. Member is talking about two ways the OECD has of measuring subsidies, the producer-subsidy equivalent or the trade-distorting equivalent. The simple answer to his question is yes. I would suggest, and it very fundamental, that if the Special Grains Program only pays on seeded acres, farmers would have to seed to be eligible. That is an incentive to produce. However, if we pay, in