

Canagrex

with the parliamentary secretary's predecessor, the hon. member for Ottawa Centre (Mr. Evans), about how we could do these things, but this government is not disposed to looking at measures which would allow Canadian farmers to remain competitive with their American counterparts.

Any farmer right across the country will tell us that the number one problem he faces is not grasshoppers or climate, whether it be lack of rainfall or hailstorms. It is not even the marketing of his commodity, what he can grow or what he can get for it, although price is a problem. The main problem Canadian farmers face now is high interest rates. I think the government should look at that problem very seriously and look also at some of the suggestions the opposition has been making. If the minister would care to talk to some farmers, he would learn that many of them now follow the weekly interest rate setting process which goes on at the Bank of Canada as regularly as they follow weather forecasts and the markets, because interest rates are now more of a determining factor in how long farmers will stay in business than the weather or the markets. Interest rates are very important. If the minister wanted to be fair about it and wanted to be serious, he would realize that the Americans have access to rates of interest which are lower than those paid by Canadian farmers. I submit that if we are to have increased agricultural exports, the first responsibility of this government is to make us competitive as far as interest rates are concerned.

The second thing we could do to make us competitive would be to do something about the fuel prices farmers pay. Several of us on this side of the House have raised this issue with the Minister of Agriculture and the Minister of Finance with regard to the excise tax, the federal tax on fuels used for production of farm goods. We have all received letters from greenhouse operators. We all know the effect fuel prices have on the cost of agricultural production. American farmers are paying less for fuel than Canadian farmers. If the government were serious about doing something to keep us competitive on export markets, I think it would look seriously at reducing the excise tax on farm fuels. The federal government now takes between 40 cents and 60 cents a gallon on farm fuels. Many of us can remember buying fuel for half that amount. When I first started farming some 25 years ago, fuel cost 18 cents, 19 cents or 20 cents a gallon. Now the federal government is taking two times and three times that much per gallon just for excise tax.

That is only part of the story because as the federal government taxes natural gas, that shows up in increased prices for fertilizers.

In many ways Canadian farmers who consume petroleum products have the worst of both worlds. Canadian consumers generally pay very high prices for petroleum products. We are told increased prices are supposed to guarantee domestic supply, but at the same time this government is increasing its tax take on a gallon of fuel, and this is driving the domestic oil industry out of the country. When I say we have the worst of both worlds, I mean we not only are experiencing high prices but at the same time we are also driving Canadian production

down. It seems to me that the government has a responsibility to keep us competitive.

There are several other factors we could talk about in relation to keeping Canadian agriculture competitive in order to maintain our export advantage and to maintain our export markets. One factor is the way this government represents agricultural commodities when it negotiates trade and trade barriers with our trading partners. I think the last round of tariff negotiations in Geneva concluded in 1979, some three years ago. I submit that our agricultural commodities were badly represented by this government. We need only look at the guarantees we gave our trading partners respecting beef imports into this country. Let me talk specifically about the beef industry. We were negotiated into a position where the meat import law we have passed in this session is meaningless because no one stood up for Canadian agriculture at Geneva. If the government is serious about agricultural exports, it should do a better job of going to bat for Canadian agriculture as far as trade barriers are concerned.

We have an initial price for wheat which is set at \$4.75 a bushel, which means that when the producer delivers a bushel of No. 1 red spring wheat, he gets something in the neighbourhood of \$4.35 to \$4.40 a bushel, once freight is taken off and allowance is made for a bit of dockage and shrinkage. In the European Economic Community wheat sells for about \$9 a bushel. When we send a bushel of wheat to the European Economic Community to compete with the product there, a levy or excise tax is imposed which brings the price of our grain up to the level set by the European Economic Community. If this government were serious about doing something for agriculture, it could do something in this area. It could make some mileage there and help us export our products to other countries.

I can say the same things about Japan. Japan is very anxious to get certain kinds of agricultural exports from Canada. We know the Japanese are very competitive, ambitious and hard-working people, and we give them credit for that, but they are also very skilful in negotiating the best deal possible for their producers. Japan is very anxious to buy raw rapeseed, but does not particularly want to buy our rapeseed oil. If they buy the raw rapeseed, that provides jobs for the crushers in Japan. There is about a tenfold difference between the value of raw rapeseed oil and rapeseed oil. In other words, the Japanese buy from us about ten times as much raw rapeseed as refined oil. Of course that is good business for them because it means jobs for the crushers in Japan to turn the raw rapeseed into rapeseed oil. It does nothing to provide jobs for the processing industry in Canada, however. If the government seriously wants to increase agricultural exports that is an area where it could take some action.

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We question why the government now wants to become directly involved in trading. Indeed, with the history of government generally, one would wonder why people want them to become involved in anything. As governments become larger