

Canada-U.S. Free Trade Agreement

Mr. Blaikie: The "Prime Minister's-Reagan deal". That is okay.

● (1250)

Mr. MacAulay: This trade deal will pit Canadian farmers against American farmers for the benefit of the corporate sector. The end result is that the lowest seller establishes the market price for the commodity at the farm gate. Farmers will be forced to undercut each other and farm incomes will decline. This agreement caters to large corporations while ordinary farmers on both sides of the border will be sacrificed.

Farmers, however, are not the only ones threatened by this deal. Our fish exporters also understand the threats of their American competitors. Over the past three years, our fishing industry has had to fight American protectionism twice.

In January, 1985, the American Department of Commerce slapped a 24 per cent duty on our exports of dried salt cod. This was only a sign of things to come. In March, 1986, a duty of 5.8 per cent was levied on our exports of fresh groundfish. There is little doubt that had the Americans ruled seasonable unemployment insurance benefits were an unfair subsidy, the duty would have been at least 15 per cent. Because our unemployment insurance benefits are available to other Canadians they were not considered an unfair subsidy under existing American law. But should the Americans change those laws, our fishermen would pay a heavy price.

Before leaving the subject of fisheries, I want to quote from a press release dated February 7, 1986:

The Minister of International Trade also noted that the termination of the FVAP eliminates a program identified by the U.S. Government as a countervailable subsidy.

Of course, I am referring to the Fishing Vessel Assistance Plan which the Minister of Fisheries and Oceans (Mr. Siddon) cancelled. As we see, one program has already been slashed. We did not jeopardize our primary industries of farming and fishing to get 80 per cent free trade, so why in the name of common sense should we put these things on the table to get the remaining 20 per cent?

Another concern I have is for our social programs. Unemployment insurance benefits are one of Canada's social programs. Do American fishermen receive unemployment insurance benefits? No. Will Canadian fishermen receive unemployment insurance benefits

after our economies are harmonized? No. These programs are not protected under the trade deal. Subsidies will be defined after the deal is signed as our economies are harmonized into a level playing field. Let us not kid ourselves, the population of the United States is 10 times that of Canada, and harmonization simply means doing it the American way.

I want to touch briefly on the potato industry. Being a seed potato farmer, I have a vested interest in the industry. I want to stress very strongly that I am opposed to potato inspection fees. Harmonization of the laws in the seed potato industry with the United States will lower our standards. For example, many states in the United States do not have proper ring rot control measures. As everyone in Cardigan and Prince Edward Island is aware, without these measures an end will be put to our offshore markets. The bottom line is that it would mean Prince Edward Island would lose its European markets.

Another concern is the dairy industry. Under this deal there will be reduction in the prices of fluid and industrial milk in line with U.S. levels.

Mr. T. K. Warley, Professor in Agricultural Economics at the University of Guelph, wrote a paper entitled, "What would Free Trade Mean to Agriculture"? In it he says that there will be a 20 per cent to 40 per cent reduction in price as Canadian prices harmonize on U.S. border-state levels. There will also be corresponding reduction in profitability and loss of about \$1.5 billion in quota values, as well as an end to supply management.

With respect to industrial milk, Mr. Warley writes that the prices will fall at least 20 per cent to lower U.S. support levels. There will be lower profits and a loss of about \$3.5 billion in quota value as well as an end to national supply management in provincial market sharing.

I would also like to touch on the issue of regional development. Regional development programs are of vital interest to the Atlantic Provinces. This agreement does not specify which kinds of government subsidies will be permitted.

Premier Joe Ghiz of Prince Edward Island warned that our province will not support any agreement that undermined agricultural marketing boards. A background study by the Department of Regional Industrial Expansion entitled *Regional Adjustment to Free Trade* had projected that potatoes would be a big loser under free trade as U.S. potatoes would be expected to grab the southern Ontario market.