

Supply

Mr. Speaker, the world market is now being influenced in ways that are affecting the incomes of Canadian farmers. We must fight on several fronts at once to put an end to this very disturbing trade development. We have shown that we can, and that we are able to take the necessary action.

Recently, in the Throne Speech, the Prime Minister (Mr. Mulroney) sent a clear message to the farmers of this country: We will spare no effort to ensure the productivity and growth of our agricultural industry.

We realize that Canadian agriculture is faced with tremendous problems, and we must show our determination to protect the interests of our farmers in the face of this unfortunate subsidy war between the United States and the European Common Market.

Mr. Speaker, perhaps I may illustrate the impact of this war on our agriculture. According to the statistics provided by Agriculture Canada, for every dollar we spent in 1985 to help our wheat producers, the United States spent \$2.57, expressed in Canadian currency. The European Common Market spent even more, namely \$2.73, in Canadian funds. Instead of diminishing, the gap has widened during the present crop year, and it is estimated that the Common Market and the United States will spend nearly four times as much as we do, namely \$3.75 in Canadian currency.

Mr. Speaker, the situation is absurd. The root of the problem is the Common Market's joint agricultural policy and the resulting US Farm Bill. This war of subsidies generates unrealistic world prices which simply cannot reflect production costs. Just think, Mr. Speaker, they now estimate that the U.S. Farm Bill will amount to a tax expenditure of at least \$52 billion over the next three years, not to mention the \$1.1 billion in export subsidies.

Right now the amount of export rebates—export subsidies, in fact—given to the European Economic Community is higher than the price of our wheat at Thunder Bay and, in some cases, this export rebate is twice as high as the initial price paid to western Canada wheat producers.

We all know that world market trends should not be dictated by government subsidies or measures, but indeed by supply and demand, by such factors as stocks and quality. This is why we must work hard, as other countries are doing, to eliminate this practice of resorting to subsidies and protectionist measures in the farm products trade. Painfully aware that the Canadian farm community is up against tremendous difficulties, we have made it quite clear that we intend to protect our farm producers against these unfair price-setting mechanisms.

Mr. Speaker, never before has agriculture been given top priority in the Speech from the Throne. We did just that. Never before either did a Government make such a strong and clear commitment with respect to men and women who belong to the Canadian farm community. We do live up to our commitments. The Prime Minister (Mr. Mulroney) has proved to be a staunch defender of agricultural interests since we

came into office. Thanks to his support we have been able to make a most eloquent case for Canadian agriculture, and again Mr. Speaker, this is only the beginning.

All Members of this House realize, of course, that Canadian farmers have been severely affected by the impact of unfair subsidy policies as practised by the United States and Europe. As the Prime Minister stated before the House, this deplorable situation may well undermine the very principle of free trade throughout the world. The Government of Canada is determined to stop this from happening. We are exploring every possible avenue at the international level in order to restore common sense and fairness, and once again, the case we have made shows our determination to help our farmers in this country.

Mr. Speaker, last spring, I was a member of the Canadian delegation that went to Washington to obtain some understanding of the US Farm Bill. We heard from the US Secretary of Agriculture himself that the United States would do everything in its power to regain the markets it had lost, and that they also wanted to teach the Common Market a lesson. Since, as I said earlier, I have a special interest in agricultural matters, I was also sent to Luxemburg for the annual meeting of European and Canadian Parliaments. We discussed the EEC joint agricultural policy, and they said, Mr. Speaker, that the Americans were subsidizing even more than they were, and that they could not do otherwise because of the problems of their own farmers. So it is a vicious circle between the United States and the European Common Market, and somehow we have to negotiate with these two superpowers. Hon. Members are all aware that we cannot afford to spend 70 per cent of our budget as the EEC does, on helping our farmers cope with the disastrous effects of this trade war. However, we are determined to fight with the resources we have, and we are confident, because our cause is just.

The issue of farm subsidies is high on the Prime Minister's priority list at the Economic Summit in Tokyo. As a result, agriculture has become one of the most important issues for the major trading countries. I know the Minister of Agriculture (Mr. Wise) is taking every opportunity to explain Canada's position on the subject to his counterparts in other countries.

The Minister of State (Canadian Wheat Board) (Mr. Mayer) also co-operates very actively with countries opposed to subsidies, with a view to finding solutions to the agricultural trade problems. Recently, with the support of a number of countries, we made strong representations to have agriculture listed on the GATT negotiation agenda, and we were successful. However commendable these efforts, their results will not be felt overnight. Such is the context in which the Prime Minister's challenge becomes really meaningful. As he stated, preliminary estimates indicate that about \$1 billion will be required to provide assistance to Canadian farm producers. Tossing such figures around will not make the problem disappear, far from it.