

at the moment shows that the main cause for an increase in the cost of a loaf of bread is due to transportation costs, energy costs and those types of costs, not due to the basic product called wheat.

* * *

EXTERNAL AFFAIRS

OIL—VOLUME OF IMPORTS FROM MEXICO

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I direct my question to the Secretary of State for External Affairs. In early February of this year, Agustin Barrios Gomez, the Mexican ambassador to Canada, stated that Mexico will begin shipping 50,000 barrels of crude oil a day to Canada in October, and that the deliveries will be increased to 100,000 barrels a day in 1981.

Would the minister tell the House if that commitment still stands, and will it be part of the agreement which is to be signed with the President of Mexico?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, as far as I know that is still the commitment of Mexico, but that was never intended to be part of the agreement as such. I do not believe that those words will be written into the agreement. They were not in the previous agreement which was signed, and I do not think it is proposed that they should be in this agreement.

Mr. Hnatyshyn: Madam Speaker, if the minister will take the time to read the interim agreement, he will see that there was a firm commitment with respect to a minimum delivery from Mexico to Canada for this year, and that subsequently it was to be increased to 100,000 barrels a day in 1981. Nothing could be simpler.

Would the minister tell the House whether that will be part of the agreement, whether there will be a deviation or whether anything has occurred within the last few weeks to change that firm commitment contained in the interim agreement?

Mr. MacGuigan: Madam Speaker, we are not proposing any changes in the agreement at all, but there is no schedule of deliveries in the agreement as such. There has been talk of goals, but there has been no promise that there will be so much oil delivered on a particular date. We are not proposing that there should be any changes made in the agreement.

* * *

FINANCE

MEASURES TO STRENGTHEN DOLLAR AND LOWER INTEREST RATES

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, I have a question for the Minister of Finance. Most financial analysts are of the opinion that interest rates would have dropped last week but for the intervention of the Bank of Canada which felt

it necessary to prop up the wobbly Canadian dollar since the minister's micro-budget, which he was able to smuggle into the House, had only a microscopic effect on the Canadian dollar.

When can we expect some meaningful action from the government which would provide strength to the Canadian dollar and allow the interest rate to come down, which would benefit the home owner, the farmer, the businessman and the unemployed, rather than allowing the Bank of Canada to do the unpleasant work for the government?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as the hon. member know, interest rates have been coming down relatively rapidly. Indeed, the bank rate came down further last Thursday. However, as the governor of the Bank of Canada stated, they had acted to restrain and moderate that change for a number of reasons, but particularly because of the possibility that these further lower rates may not be sustainable in the long run.

Mr. Korchinski: Madam Speaker, is it the government's policy to maintain high interest rates, and does the support of the Canadian dollar take precedence over a lower interest rate policy which is necessary for an improved economic condition in Canada?

Mr. MacEachen: Madam Speaker, as the hon. member also knows, the governor of the Bank of Canada has managed monetary policy in a way that there has been a significant drop in interest rates and relative stability in the Canadian dollar. I believe the governor deserves a good deal of credit for that combined result.

* * *

● (1440)

INDUSTRY

DUTY REMISSION ON IMPORTED SAIL-BOATS—EFFECT ON SAIL-BOAT INDUSTRY

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is to the Minister of Industry, Trade and Commerce. Is the minister under renewed pressure from a major boat builder to have the Minister of Finance provide duty remission on sail-boats over 25 feet coming into Canada? If so, what is he prepared to do in this regard?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, I have received representations on this matter and I am discussing them with the Minister of Finance.

Mr. McDermid: Madam Speaker, is the minister making representations to the Minister of Finance on behalf of the 11 small and medium-sized sail-boat builders who say that if duty remission is granted by this government, it will destroy the sail boat industry in Canada?

Mr. Gray: Madam Speaker, I am particularly sensitive to the concerns of small and medium-sized business in Canada. I