

FISHERIES—ACTION TO ENSURE CONTINUING SUPPLY OF
VEGETABLE OILS FROM UNITED STATES FOR
PROCESSING PRODUCTS

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, it is so long since I asked a question pertaining to the supply and regulation of protein and vegetable oil materials in Canada that it may seem useless to discuss the matter at this late date and at this late hour. It is regrettable that this issue was not debated at a much earlier moment. But it is still, I think, of value to discuss it, inasmuch as what happened should be a lesson to Canadian governments both today and in the future and a reminder that the same blunder should never be made again.

I believe the Government of Canada panicked when it received notice that the United States had decided to place an embargo on protein and vegetable oil materials. Canada reciprocated by imposing identical legislation or regulation. But the government did not take into consideration the international aspect of the trade between Canada and other nations in these commodities. It did not take into consideration the fact that western Canada might well obtain a large portion of its requirements from the area immediately south of the border in the United States. Nor did it take into consideration the fact that the eastern seaboard of Canada exports practically all its fishmeal to the United States and the European market. It took no account of the fact that Canadian manufacturers had geared production of protein materials and vegetable oil to international demand.

It did succeed, in this restrictive measure, in disrupting the trade patterns of all these people. There was a very obvious alternative, I think, and that was that there should have been an approach to our neighbour to the south to make a deal for a trading basis on which we might exchange shipments of protein material on a unit by unit basis so that neither protein supplies nor vegetable oil supplies would be depleted. Rather, the opportunity would present itself for each individual who required these supplies to obtain them from their traditional source at better prices than would otherwise be available. The price of protein material required for livestock feed in the west was escalated because the normal source of supply was removed and transportation made up costs which were not convenient for them.

This was so precipitant and mandatory that ships already at the dock sailed unloaded with protein materials. It was so mandatory that inventories built-up in eastern fishmeal plants to the point where they could not be accommodated and the plants had to cease operations, or planned that they might have to. It was so serious that food processors could not get vegetable oils; they paid exorbitant prices for the sources that were available to them, and had to substitute to a degree that was not attractive.

I submit that had this been undertaken with the intelligence which we expect of government, and with the knowledge of the consequences of the policy, these hardships need not have existed to the degree to which they did. They could have been ameliorated by an intelligent approach. I submit that the government panicked and created a scarcity in some areas and a surplus in others. It

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did not take the necessary steps to trade these items in an area of convenience to Canada.

The unfortunate part of it is that shippers from the east coast of Canada who use export markets virtually exclusively for their products have found that their international trading reputation has been damaged, that they have a great deal of difficulty establishing themselves in those markets which they have used traditionally because we are no longer considered a reliable source of supply.

Mr. Speaker, this is a very poor way to approach a subject. It must be taken into consideration that we knew that certain companies in Canada requiring protein had their requirements covered on a long-term basis; that this meal was not going to be an adequate substitute for some feed manufacturers; that export markets were going to be vital and essential to them. As a result of this, processors of fishmeal in the Atlantic area, which have been hard pressed for years to make ends meet, were hurt again and lost an opportunity for profit-making. It also reduced the potential income of those people who were fishing. Taking the whole program all around, it was detrimental to virtually every user of protein in Canada. It was detrimental to every food processor who required vegetable oils. In the long run, it was detrimental to the character and the trading nature of our industry throughout the country.

This was avoidable. There should have been an attempt at negotiation. It should have been announced in this House, and people should have understood where they were going and why it was logical. It was not a matter to be studied; it was a matter where the information should have been at the government's fingertips when the decision was made.

Mr. William Rompkey (Parliamentary Secretary to Minister of the Environment): Mr. Speaker, Canada has now been given special exemption from normal export controls on United States soybeans and soybean meal. Restrictions on vegetable oils have not to date been lifted by the United States government. The Canadian government has not asked the U.S. for any exemption on vegetable oils as the Canadian users of this product, including sardine canners in the Bay of Fundy, have not voiced any difficulties in obtaining supplies.

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Presently, domestically-produced vegetable oil is readily available to the fish processing industry. However, the price of Canadian domestic soybean oil is \$34 per hundred-weight, as compared with \$27 per hundredweight for U.S. soybean oil. As a result of the price differential, the Canadian fish processors, primarily sardine canners, prefer the American product.

The recent move by the United States government to give exemptions to Canada on soybeans and soybean meal is soon likely to be extended to cover soybean oil. Further, before the end of this month, the 1973 U.S. soya crop is expected to reach the market. This should ensure the resumption of normal delivery from the U.S. Meanwhile, the Canadian controls on the export of vegetable oil are in place. We do not anticipate any serious problems during the remainder of the year for the Canadian fish processing industry in respect of the supply of vegetable oils.

Motion agreed to and the House adjourned at 10.24 p.m.