

*Government Orders*

a result of a substantial change in either country's support programs for the grain in question. That was not the case last year.

Increases in wheat and durum to the U.S. last year were the result of an increased demand in the U.S. resulting from many factors. There was definitely no increase in Canadian support programs. This government agreed to surrender anyway. Mere days after this wheat pact occurred we saw the United States sign a wheat deal with Algeria with what had been a major Canadian market, export enhancement durum. The disturbing influence of the United States export enhancement program always allows it to distort grain markets.

If the Canadian government had not buckled under the U.S. pressure, its senators, congressmen and farmers would soon have realized how detrimental the export enhancement program really was. Canadian farmers would only have recouped a small percentage of damage done by the U.S. unfair trade practices.

Hopefully we will see it align its harmful subsidy program under the terms of this agreement. I would point out that although this was a bilateral dispute, there are provisions in the new rules for GATT that would force the United States to prove Canada was unfairly subsidizing exports.

Hopefully this provision will be helpful in avoiding the capitulation that we have seen in the past from our government. This was brought home again last week when the United States department of agriculture began to require that Canadian wheat farmers who export into the U.S. have end user certificates. This despite the fact that the wheat pact signed with the U.S. included a peace clause that stipulated that Canada would be free from further restrictions or harassment for 12 months.

• (1245)

It is just another example of how trade agreements are useless if the government seems either unable or disinterested in standing up for the rights of its citizens. A partner in a trade agreement cannot be allowed to be a bully. If this is allowed, the agreement will fall apart sooner or later.

All that Canadian farmers really want is a level playing field. They know they can compete and be the best in the world at producing, but they cannot be expected to continue to be at a disadvantage in trading situations. With a fair set of trade rules that apply equally to all countries across the board, we can achieve that level playing field.

Before these changes can take effect there will have to be major changes to the Western Grain Transportation Act. Any government policy that favours export shipments is deemed as an export subsidy by the GATT. Canada has maintained that the Western Grain Transportation Act provides internal support to

farmers, but some countries, including the United States, insist that it provides export assistance.

Recent studies confirm that it will be viewed as an export subsidy by the GATT. This point emphasizes that the shortest route to an export port is the best route. Under the agreement there will be two systems governing WGTA subsidy restrictions; one will be for grain shipped through Vancouver, Prince Rupert or Churchill. This is specifically export grain that is subject to an export reduction subsidy under the GATT.

The second system is for grain shipped through Thunder Bay or Armstrong. This is deemed as grain for export or for domestic use, and therefore the transportation payments for grain movements under the WGTA can be considered either an export subsidy or domestic support, depending on which shipping route is used.

This clause seems to me to set up a recipe for a tremendous amount of conflict and disagreement. It can only be a detrimental clause in this agreement and will probably cause a lot of hard feelings, not just between producers but also between shippers in the different regions.

WGTA payments on grain that travels through the west ports are contingent on that grain being exported. The GATT was notified that these payments were export subsidies and will be subject to the reduction commitment of 36 per cent for export subsidies and also the 21 per cent reduction in the volume. WGTA payments on grain shipped through Thunder Bay have been notified to the GATT as green domestic support.

I do not know how we can resolve that issue. I think it will be challenged and history will tell us that it is improper and we will have to address it.

According to the GATT text the total Western Grain Transportation program is an amber domestic support program, while the portion related to grain movement to the west coast and Churchill is considered an export subsidy. Canada will have to make according changes to address the export subsidy provisions of the GATT.

The challenge for Canada is to make the WGTA GATT-green. The Reform Party had addressed this problem very well with a trade distortion program that we recommended for WGTA during the election campaign. It was well received. I think the government will sooner or later have to realize that this type of program is the only one that will really be fair and beneficial to western farmers.

• (1250)

Since the GATT requires a change in the WGTA subsidy payment method from paying the railways to paying directly to farmers, it is likely the only method that would comply with GATT requirements.