

such an important proposal that everything else hinges on it, but we think it is important, nevertheless. The high cost of producing beef in Canada, as compared to that in the United States, was pointed out to us so frequently that we had to be impressed. If you think of our climate only, it is certainly a fact that we have six months of winter in many parts of the country, during which the cattle have to be housed and fed, making it necessary to put up feed in the summer in order to feed the cattle in the winter. Certainly from that point of view alone we have much higher costs of production than they do in the United States, where the climate is milder, and where, in some parts of the country, there is grazing for 12 months of the year.

The statistics produced by our research people suggest that the cost of producing calves is 10.54 cents a pound higher in Canada than in the United States, and that the cost of feeding in certain parts of Canada—for example in Alberta, as compared to Nebraska, a central state—is some 6.99 cents a pound higher in Canada. It seems, therefore, that a five-cent tariff on a continuing basis would be a reasonable position for Canada to take. The tariff is now three cents a pound, so the suggestion that it be increased to five cents is scarcely a revolutionary one and, in our view, is realistic.

In recommendation 4 we suggest that provision be made for the levying of additional duties, and this is probably the crux of the whole report. The committee recommends that there be established a guide price for Canadian beef—a price that we think is reasonable and fair. If the domestic price for beef, and the return to the domestic producer, should fall below the guide price, then the amount by which it falls below the guide price should be added, by way of an additional levy, to the existing tariff. If the price of our beef is ten cents a pound below the guide price, for example, then an additional five cents a pound should be added to the tariff of five cents. It seemed to us that this was a way of fine-tuning our trade situation to reflect a reasonable return to the producers.

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The next recommendation has to do with a maximum guide price. We said that we felt the beef producers of this country were fair-minded people. To demonstrate their fairness, if they get some protection from their returns falling below a reasonable figure, they should be prepared to tell the consumers of this country that, if the price of beef should start to rise to a point that seems particularly high or unreasonable, they will accept additional imports into Canada. Those additional imports would influence the price of beef and maintain a reasonable price in Canada—reasonable to the producer and reasonable to the consumer.

When the Canadian Association of Consumers appeared before the committee, we did not expect them to carry the ball for the beef producers. We did not expect them to make a submission that was identical to that of the beef producers. But I was impressed with the fact that they took a generally reasonable attitude. They want us to have a beef industry. As I understood their testimony they want the beef producers to be reasonably prosperous. They want the legitimate rights of the

[Senator Argue]

consumer protected. They want to make certain the consumer is not exploited by way of high beef prices, and the producers are not exploited by higher prices for other commodities. We think that is a reasonable position, so we inserted this recommendation, and hope it will give some assurance to the consumers.

Whenever you make proposals with regard to the export and import of beef, you are immediately confronted with somebody saying, "Well, it would be fine to do it, but it is against GATT." The General Agreement on Tariffs and Trade has two clauses to which people refer in this regard. One is clause 11. To paraphrase, it says that no country should be allowed to prevent or to control imports of beef unless there is a government program of supply management in effect. If there is no supply management program, then you are in contravention of GATT. The second provision in GATT to which I refer is that if there is temporary trouble or there appears to be a temporary emergency threatening an industry, then action can be taken on a temporary basis in order to prevent such serious injury.

In Canada we say that because of GATT we have to be careful. We do not seem to know that we can have global quotas, that we can have variable tariffs, that we can have a permanent policy in law that gives our producers some assurance.

What do the rest of the nations of the world that are in the beef business do about these provisions in GATT? One of the largest countries by way of production and by way of market is Japan. For many years, with the provisions of GATT being as they are now, Japan has had quotas on imports. The policy of the Japanese government is that 80 per cent of the beef consumed in Japan has to be produced in Japan, and their quotas reflect that policy. They have guide prices to assure reasonable returns to their producers. The Japanese have provision for the government to step into the market and buy up beef if the price starts to soften below the guide prices. If you read GATT in a technical way, then Japan honours it in the breach—and in the breach on a permanent and continuing basis.

What about the European Economic Community, that huge empire of, I believe, some nine nations who have banded themselves together? They have a beef policy which sets uniform guide prices for all of the Community. If the prices begin to fall below the guide prices, intervention is taken in the market; beef is purchased so that the price does not continue to fall. They establish what they call intervention stocks of beef, purchased by government agencies. If the price of beef falls below the guide price they bring in a tariff, an extra import duty, equal to 100 per cent of the difference. They go a little bit further. They say they will maintain additional duties until the price gets to 106 per cent of the guide price. In other words, even when the producers there are getting something better than the guide price, they still have a measure of protection.

They have also provided export subsidies so that their exporters could compete more effectively in the export market;