

*S.O. 21*

subsidies they provide as they move on to international markets. We are very concerned about the subsidies the Europeans are providing because they very much affect our producers and the international markets on which our producers have to compete.

The Americans are also very concerned. They feel they have lost their world market share because of the Europeans and their subsidies. At the beginning of this year the Americans stepped in with the U.S. Farm Bill. The Americans have lowered prices in order to get back the world market share they believe they have lost. From our point of view that is a questionable assumption on their part. We do not think they have lost nearly as much market share as they say they have. They believe that through large subsidies on the international markets, which have the effect of lowering prices, they can regain some of the market share they have lost. We do not think that will work. We think that there is more to being a good supplier than simply having a low price. You must have consistency of supply.

Canada has a very good reputation internationally. We have never embargoed any country on grain sales. That has resulted in Canada gaining the reputation of being a reliable supplier. We have very good quality grain. We have a first-class inspection and grading service in the Canada Grain Commission, which serves us very well internationally and allows us to maintain our reputation. We also have a selling system in the form of the Canadian Wheat Board which serves us very well in times like this. We presently have long-term agreements with the Soviet Union, Brazil and Egypt. There is no country which has longer term agreements than does Canada. That speaks to our reputation and our ability to continue to sell.

We do not think the Americans will get back their market share by simply lowering prices. The Americans are very concerned about their balance of payments and the fact that they are consistently running very large deficits. They want to sell more grain to reduce that. However, they will not rectify the situation by selling the same amount of grain at a lower price. In fact, that will make things worse.

We think that a couple of the assumptions which underlie the U.S. Farm Bill are fallacious. They assume that by reducing price they will increase demand. That is not borne out by fact. The BICEP program in the United States has been in effect for over a year. The record shows that prices have gone down, but the Americans have not increased their market share.

We also question the assumption that if you reduce prices to producers they will produce less, thereby addressing the over-supply problem. In many cases the normal reaction to lower prices is to produce more. If you are getting less for your commodity one way in which to maintain cash flow is to increase the amount sold. That is what is in fact happening in many cases. Since we believe the assumptions underlying the U.S. Farm Bill are fallacious, we question how it will be effective in getting back market share.

The irony in this situation of lower grain prices is that the two areas of the world that have increased production more than Canada, Argentina or Australia are the United States and Europe. Yet, it is those producers who will be shielded more from world prices than will other producers. We have done studies on the amount of subsidies provided. In Canada, government subsidies on a tonne of wheat are roughly \$35 Canadian a tonne. In the United States they are approximately \$95 Canadian a tonne, and in the European community they are about \$103 Canadian a tonne.

If the Americans believe that the U.S. Farm Bill will effectively lower supply, they should be lowering prices to their own producers, which they are not doing. As indicated by the figures I just quoted, the American producer will receive approximately \$95 per tonne of wheat in the coming crop year while Canadian farmers will receive approximately \$35 a tonne, a ratio of about three to one. One can see that it will be very difficult for Canadian producers to be shielded from the low prices which were caused largely by the Europeans and the Americans.

I would like to conclude by referring briefly to the recommendation in which the committee asks that the Government refer to mechanisms to ensure that the two-price wheat policy continues to reflect historical regional market share of all wheat types utilized domestically for human consumption. I believe there are ways to deal with that, as I believe there are ways to deal with the recommendations—

**Mr. Speaker:** Order, please. I am afraid it is two o'clock.

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## STATEMENTS PURSUANT TO S.O. 21

[*English*]

### ENVIRONMENTAL AFFAIRS

#### OIL-FILLED HEATERS CONTAINING PCBs

**Hon. Chas. L. Caccia (Davenport):** Mr. Speaker, the Minister of the Environment (Mr. MacMillan) should stop dilly-dallying and immediately withdraw the De'Longhi heaters from the market. He should also strengthen the inspection of products entering Canada to protect the consumer and prevent this from happening again. This matter has been dragging on for too long.

• (1400)

On May 6 the Minister issued a warning about oil-filled heaters manufactured by De'Longhi containing PCBs in concentrations as high as 800 parts per million. On May 6 the public was warned to disconnect the units and place them in a secure area until further notice. Details of the product withdrawal were to be announced as soon as a plan was finalized. Six weeks later Canadians are still waiting for a plan of action. While these heaters are sitting around, their