

The Budget—Mr. MacNaught

cents a hundredweight to $37\frac{1}{2}$ cents a hundredweight, and the quota was increased from 750,000 bushels to 1,500,000 bushels. The export quota rate on seed potatoes remained at 75 cents per hundredweight.

In return for these concessions the Canadian government eliminated the duty on table stock potatoes from the United States except for a short period from June 15 to July 31, when the duty was $37\frac{1}{2}$ cents per hundredweight. The rate on seed potatoes continued free.

In 1948, under GATT, Canada negotiated an enlarged quota of 2,500,000 bushels for seed potatoes at the quota rate of $37\frac{1}{2}$ cents per hundredweight. For table stock potatoes the quota rate was reduced to $37\frac{1}{2}$ cents per hundredweight for the entire quota, thus eliminating the 60 cent rate from December to February. There was no change in the Canadian duty on potatoes coming into Canada from the United States.

It will be seen, therefore, that since 1948 Canada could export 2,500,000 bushels of seed potatoes to the United States under a duty of $37\frac{1}{2}$ cents per hundredweight, and 1,500,000 bushels of table stock potatoes at a similar rate of $37\frac{1}{2}$ cents per hundredweight, plus the amount by which the estimate fell below 350,000,000 bushels. The rate on all other potatoes is 75 cents per hundredweight. On potatoes coming from the United States into Canada there was no duty except $37\frac{1}{2}$ cents per hundredweight for the six weeks from June 15 to July 31.

When these arrangements were originally negotiated they were of substantial benefit to the potato growers of Canada, and of the maritime provinces in particular; but since that time conditions in the production and marketing of potatoes have so changed that today the potato producers in Canada no longer enjoy any great advantage over their fellow producers in the United States. The difference in yield per acre, due to new methods of production, has gradually narrowed until today there is a very narrow margin between the yield per acre in Canada and that in the United States. This results from better methods of insect and pest control, better methods of blight control and new and cheaper fertilizers.

In the marketing field also tremendous changes have taken place. With the coming of trucks and the building of super highways, any advantage the farmers of the maritime provinces enjoyed as a result of water transportation have disappeared. The result is that Long Island and other areas adjacent thereto

[Mr. MacNaught.]

have gone into the production of potatoes in a large way. Long Island produced last year over 18,000,000 bushels of potatoes. Producers can take advantage of the trucking of citrus fruits which takes place between the southern states and the New York areas. Fruit trucks going south for a load of fruit are anxious to have a paying load, and it is thus possible for the farmers in Long Island to have their potatoes shipped to the southern states at low cost.

It must also be remembered that the state of Maine produces as many potatoes as all of Canada. The ten-year average for Maine is 62,000,000 bushels. In 1954 the state of Maine produced 49,000,000 bushels of potatoes. Canada produced something over 50,000,000. Maine is closer to the large Canadian central markets than is any of the maritime provinces. Potato producers in Maine can deliver truckloads of potatoes to the Montreal market cheaper than can producers in any of the maritime provinces. The result is that with no duty on potatoes coming from the United States to Canada, Maine dealers can and often do undersell the maritime producers in the Montreal market.

It is interesting to note also that during the last three years more potatoes have been shipped from the United States into Canada than from Canada to the United States. For the last three years we exported roughly 6,600,000 bushels of potatoes to the United States. For the same period we imported from the United States 8,500,000 bushels of potatoes.

The growing of potatoes is a large part of the agricultural economy of the province of Prince Edward Island. Our potato producers, therefore, were much pleased when it was learned that the problem of potato tariffs would be studied by the tariff board. I certainly hope that the studies of the board will be exhaustive, and that a satisfactory solution of this problem will be reached. If no changes in the tariff arrangements are made, the potato industry in the maritimes could well be ruined.

I want to refer at this time to an editorial which appeared in the April 30 edition of the *Ottawa Citizen*. This editorial dealt with Canada's tariff record. It referred to the fact that the Minister of Finance in his budget speech mentioned that three matters would be referred to the tariff board for study. The editorial concluded with this sentence:

The potato inquiry is to be launched in June and it should be especially interesting because a