

present situation of tight supply of both wheat and feed grains.

I would like to point out that our Canadian livestock industry continues to buy and utilize feed grains in almost record quantities. The livestock feeders are not complaining today about the high prices of the feed grains. This is somewhat in contrast to some grain producers who recently were complaining about fire sale prices.

Let us take a look at what we are talking about in terms of quantities of feed grains in Canada today. Here are some figures for the last two years, supplied by Statistics Canada. In 1971 we had total feed grains production of 1,210,097,000 bushels, comprising barley, oats, corn, mixed grain and rye. In that same year we produced about 530 million bushels of wheat. The next year, 1972, we had total feed grains production of 1,041,027,000 bushels, and in the same year we produced 533½ million bushels of wheat. We should note particularly the very large proportion that feed grains made up of total production, 70 per cent of the total in 1971 and 66 per cent of the total in 1972. This gives some idea of the importance of the feed grains industry.

Of our total feed grain production, approximately 80 per cent is used in our domestic feeding industry for cattle, hogs and poultry, with cattle the largest user. One of the most serious problems associated with Canada's growing feeding industry, especially in the west, is the uncertainty of barley production and pricing.

This feeding industry has grown very dramatically in recent years, perhaps with a decided push from the aftermath of the Lift program. However, if long range continuity and stability are to become a reality in our feeding industry, a more equitable pricing and marketing mechanism has to be introduced for our domestic feed grain supplies in Canada. This, of course, is the reason feed grains constitute the most important agricultural issue in the country today. It is also the reason there is so much anticipation with respect to the new feed grains policy that is about to be announced.

I suggest that the current world shortfall of meat and meat products has caught Canada unprepared to seize the opportunity to increase our agricultural production and processing. I also suggest that our beef industry is really well prepared to exploit new opportunities. For example, over the last four years our national beef breeding herd has increased by around 40 per cent. On the other hand, our feed grain producers, through no fault of their own, due to out-dated grain marketing and pricing policies, have been caught unprepared with existing policies that do not permit maximum utilization of feed grain productions in Canada. Instead our attention has been focussed on our export of feed grains in the raw state. We should remind ourselves that every bushel of feed grains exported could have been creating jobs and opportunities for Canadians in producing meat for the growing world and our domestic markets.

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Let us be more specific. From January 1 of this year to date we have exported, mostly from western Canada, 80,000 feeder cattle. In the same period last year, approximately 5,000 were exported. This represents about 7 per

### *Feed Grains*

cent of our Canadian beef supplies. I am referring to supply when the cattle are ready for slaughter. Since our fat cattle market is approximately the same in Canada and the United States—that is, the North American market—it is fair to ask how the United States feeder cattle buyers pay more for cattle on their market than on our market.

The competition between United States and Canadian cattlemen for the same market is somewhat more favourable to United States producers or they would not be able to do this. There are some obvious reasons for this. The United States fat steer market may rise about \$4 above ours but never drop any lower, transportation costs considered, due to the recent one way tariff between our two countries.

Starting in 1972 our basic herd provision was removed in the new tax laws, whereas United States cattlemen have had liberal provisions for treating breeding herds as capital assets for some time now. Late in 1972, and early this year, United States feeders had a distinct advantage due to the imbalance in DES regulations between the two countries. United States cattle breeders enjoy a distinct advantage in machinery and equipment costs as well.

Finally, there is the extreme shortage and uncertainty of high protein feeds. This is making our Canadian feed lot buyers back away from some of these feeder cattle and allowing the Americans to buy the 80,000 head that have gone across this year.

I suggest that those who wish to retain the present restrictive system of marketing feed grains are really advocating a foreshortening of Canada's potentialities in a world of new food opportunities, and this is doing a disservice to both the grain and livestock producers.

I should like to read from a recent press release put out on July 12 by the Canadian Cattlemen's Association which is appropriate to the debate tonight. The article is headed "Cattlemen Insist on National Solutions" and reads:

In a brief submitted to Prime Minister Trudeau prior to the upcoming Western Economic Opportunities Conference in Calgary the Canadian Cattlemen's Association emphasized the national nature of Canada's beef industry and insisted that cattlemen are opposed to the increasing regionalism of agricultural policies in Canada.

The cattlemen also pointed out to the Prime Minister that the production of beef is one of Canada's largest industries, accounting for 8 per cent of all economic activity in Canada, and that it is the largest creator of jobs and income in Canada. They say that this fact does not appear to have been fully realized by either the federal or provincial governments. The brief deals with a wide range of subjects but in particular deals with the livestock feed grains sector and the tremendous opportunities that Canada has in developing world markets for livestock and livestock products. However they point out that if this is to happen, feed grains and livestock must be dealt with under common policies, and feed grains must be able to move freely in Canada. They suggest that the present division of policy for feed grains and livestock production between two federal ministers does not recognize the interdependence of the two areas and ask that this division be discontinued.

On the question of international trade the cattlemen call upon the government to realize that in respect of livestock by far the most important trade relationship is that with the U.S. The C.C.A. asks that studies be conducted to determine the competitive position of Canadian beef producers with their U.S. counterparts and that in future all government policies should be aimed at improving our position. They point out that this has not always been the case in the past.