

*Supply*

Quebec becomes sovereign, farmers will have the chance to receive more money from the government.

We must also recognize the strength of the UPA and of Quebec farmers. Our province is certainly the best organized province in the agricultural industry in Canada. It is in excellent shape. It is well structured. Farmers have a good knowledge of their trade which will allow them to take advantage of new markets, particularly of the new American market that is opening up. If I am not mistaken, under the new agreements, we will have access to 5 per cent of the American market. Therefore, Quebec farmers are in a good position to take advantage of Quebec's sovereignty.

• (1715)

I would like to come back to the issue of milk quotas. Dairy producers must understand that Quebec will not become independent overnight after a victory in the referendum. There has to be a period of negotiations. The current agreements, such as the GATT and NAFTA, will stay in place. There will be negotiations between Canada and Quebec and they will not necessarily be conducted sector by sector, farmers with farmers, bankers with bankers. These will be comprehensive negotiations between Quebec and Canada. A framework will have to be established, and when the parties are able to look at the situation rationally, without letting their emotions interfere, the rest of Canada will understand that, in the agricultural industry, Canadian producers will have to maintain a good relationship with Quebec producers in all sectors in order to protect themselves against unfair competition from Americans.

**Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.):** Madam Speaker, I am glad to have the opportunity to comment on the Official Opposition's motion denouncing the government for giving Western farmers an unfair advantage over their Eastern counterparts.

The facts do not support the motion. They show that each individual, each region and each sector contributes its fair share, no more and no less, to reducing the deficit.

The 1995 Budget contained fair and balanced measures to address circumstances that differ from one region and sector of the country to another. It is worth mentioning that our reform of the WGTA is consistent with the position adopted by the Quebec coalition in December 1994.

Generally speaking, the government is eliminating its transportation subsidy programs, including the WGTA in the West, feed freight assistance in BC and Central and Eastern Canada, as well as various transportation subsidies in the Maritimes. What we are looking at is not a proposal to draw a parallel between the East and the West, but rather a principle to be implemented nationwide.

However, where we have eliminated transportation subsidies, we are providing assistance to those who are hit the hardest, be they in the East or the West.

As the hon. members know, the Western grain transportation subsidy will be abolished as of August 1, 1995.

In the adjustment measures it has offered, the government took into account the potential impact of the elimination of this 96-year old commitment toward the Western grain industry. The prairie farmland owners will get an initial payment of \$1.6 billion in relation to capital, which is equivalent to three more years of the annual subsidy of \$560 million.

In the budget he brought forward, the Minister of Finance made it clear that this *ex gratia* payment to prairie farmland owners was to offset the potential impact of the WGTA reform on the land values. This is not a gift from above nor a regional development subsidy.

The financial aid granted is not excessive and does not provide undue benefits to Western farmers. However, it will help grain producers adjust to changes. The GATT Agreement established certain disciplinary rules for export subsidies, but the prairie grain producers still have to compete with subsidized wheat exports.

The dairy subsidy is to be reduced by 30 per cent over a two year period, but the government remains committed to maintaining our national supply management system.

• (1720)

This system is one of the major benefits of federalism and it gives a reasonable income to efficient producers both in the east and the west.

Dairy farmers do not get a compensation package because their subsidies, contrary to the WGTA subsidies, have not been eliminated. But we are looking for ways to improve the dairy industry competitiveness. Consultations will take place with dairy farmers on the future of their subsidies.

We have been considering for 25 years the pros and cons of a reform of western grain transportation subsidies. So, we understand very well the reasons behind such a change. The solution we found with the industry takes into consideration the new circumstances of world trade, our fiscal situation and the need to be more sensitive to market forces.

This kind of dialogue did not take place in the dairy industry. We do not advocate any particular reform, but we think the time has come for us to determine with farmers and other players the best way to support the competitiveness of the dairy industry. We intend to initiate discussions this year.