

*Government Orders*

My oldest daughter turned 16 today. I wonder what the future holds for her and other potential farmers. If she chooses to stay in agriculture, without restructuring our programs will she and other Canadian farmers be able to survive in the next century?

Although it is a good first step the Uruguay round just touches a fraction of the unfair subsidies our farmers face in the international marketplace. Bill C-57 amends 31 statutes toward the implementation of GATT. However it fails to achieve the spirit and the intent of GATT which is the elimination of trade distorting policies built over decades of government interference in the market.

What has this government done with the bill? Instead of a complete overhaul of the agriculture programs to create a truly internationally competitive industry, this government is doing the absolute minimum to be in compliance with GATT. It looks at GATT green programs but does not touch them even if they create a further distortion in our domestic market. It looks at the Western Grain Transportation Act for example which is not GATT green and searches for an easy out to redesign WGTA just enough to make it less objectionable to the international marketplace.

Canada has been blessed with some of the finest agricultural land in the world. Due to a combination of factors such as the short growing season and the long distance to potential markets our prairie grain farmers face unique conditions that influence their decisions on what to grow, how much to grow and where to send it.

The Canadian Wheat Board was established in 1935 to provide some stability as well as equity of prices and export market shares to the grain producers spread across the prairies. Because of the size of its purchases this virtual monopoly has led to a system of dependency and distortion.

Lately the Canadian Wheat Board appears to be moving far beyond its traditional mandate as a central marketing agency for Canadian farmers. Just as Canada Post competes with private courier services, we now find the Canadian Wheat Board operating in direct competition with grain trading companies.

While the establishment of the CWB may have been necessary to ensure the survival of Canadian grain farmers when it was first set up, we live in a different world today. As GATT reduces agricultural subsidies in other countries we cannot afford inefficiencies in our marketing and transportation system if we want to be successful internationally.

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We have all read the news. Entrepreneurial farmers in border zones are prevented from trucking their grain a short distance south across the border. Instead they must sell their export grains to the CWB which will probably load it on a freight train and ship it thousands of miles to a Canadian port.

About 90 per cent of the grain produced by Canadian farmers is exported. We must remain internationally competitive if we are to keep our market share. However, we are not playing on a level field. Domestically, grain transport subsidies have distorted the costs of production and delivery to our markets and internationally, producer subsidies abound.

Over the last few years Canadian grain producers were caught in the middle of the subsidy war between the U.S. and the European Community. They have poured billions of dollars into their war in an effort to steal each other's market shares but they only succeeded in driving international grain prices down to levels not seen since the depression.

Despite Canada pouring billions of dollars into aid for grain and oilseed producers, thousands of grain farmers still went bankrupt. In addition to the billions spent directly on stabilization and insurance programs for farmers, the government also spends over \$700 million a year in grain freight subsidies to the railway companies through the Western Grain Transportation Act.

Under the WGTA the federal government pays the railways an annual subsidy on a dollars per tonne basis to cover the transportation of eligible grain from prairie shipping points to Thunder Bay, Churchill, Vancouver and Prince Rupert. As a result of GATT's analysis of our transport subsidies, Thunder Bay is not subject to the GATT sanctions but the western ports and Churchill are.

Already, valuable rail cars are tied up backhauling grain from Thunder Bay merely so the grain qualifies for the subsidy. Does this make sense? Yet this government's minister of agriculture has indicated it may take him until next summer to halt this ridiculous practice.

Because only the WGTA payments for grain transport to the west coast and Churchill have been deemed export subsidies by the GATT community, this means we will have to substantially reduce export shipments of grains and oilseeds through these ports within the next few years. In addition to a volume reduction, a portion of the total tonnage would also be assessed at the full freight rate.

This creates yet another distortion in our agriculture transport sector. There will be a major incentive for detouring grain shipments through Thunder Bay. This is despite the fact that grain markets have changed and the Pacific rim countries constitute a growing share of our grain market and it is the western ports that will be subject to the volume caps. Even though some of the grain going to Thunder Bay is also destined for export, the GATT has deemed those WGTA payments part of the domestic support program and not subject to GATT sanctions and countervailing measures by other countries.

Considering two of the targeted ports are in British Columbia, I question the fairness of this section of the agreement. British Columbians overwhelmingly rejected the Charlottetown accord because of the special status awarded to some citizens and