

Supply

Let me give you a couple of them at least. It said because of the increased demand for oat and oat products. Because of the way we look at our bodies these days we want more from food than just sustenance. We want a healthy diet. Oats is becoming more and more looked at in terms of something that we need to keep ourselves healthy. That is one reason.

Bill Kent is the president of this outfit. It calls itself CanOat Milling. I think I can find the quote here.

Mr. Kent made the point that if free trade was not there, in all likelihood he would not be spending \$17 million to build an oat processing facility. This is an example where free trade has meant jobs. Additionally Manitoba regularly produces between 400,000 and 500,000 tonnes of oats, just to put this into perspective. This one processing facility in Portage La Prairie anticipates processing about 100,000 tonnes, somewhere between 20 per cent and 25 per cent of Manitoba's total oat production now. That is a pretty significant plant.

• (1240)

It estimates that 50 per cent to 70 per cent of that production is going to go to the U.S. market. Without free trade he said he would not be doing it because he has a larger market when Canada and the United States are put together.

We had an announcement a week ago from an outfit called West Glen Milling in conjunction with ConAgra, a very large American outfit in the United States, indicating that they were going to build an oat and barley processing facility in your country, Mr. Speaker, west of Edmonton in a town called Barrhead. Why? Because of the free trade agreement and because it will have access to a larger market.

Do not think for one minute that what is happening in the oat market has anything to do with some of these so-called multinationals. There are a lot of individual Canadians involved, a lot of the small processors. The people who want to set up a cleaning plant in the middle of winter and provide a job for themselves and some of their neighbours now have direct access to some of those markets in the United States, markets that they did not have access to before because of the free trade agreement. That is not in any way an attack on the Canadian Wheat Board. It seems to me that that is something that is done in favour of Canadian farmers.

So when you hear some of these things that are being said and you talk about Canadian agriculture and what is happening, let me give you some interesting points in terms of investment in the food and beverage processing industry. The most recent estimates indicate that capital expenditures on food and beverage processing will be \$1.6 billion in 1989, up 13 per cent from last year's actual figures and unchanged from the earlier 1989 forecast of those expenditures. That says a little bit about the faith that people outside of this place have in Canadian agriculture, and the fact that we produce some of the highest quality products in the world and are willing to invest money to further process them. That is value added, that is jobs for Canadians. Instead of shipping the raw product out, we process it here. It provides jobs and a little more stability for some of the smaller communities like Portage La Prairie.

I would like to say a few things about the over-all health of the Canadian agricultural industry. Based on information from farm lenders, it is estimated that some 17,000 farmers—that is a lot of farmers, no question—or 9.5 per cent of all farm borrowers were in arrears in the first quarter of 1989. That is not a particularly happy situation, but compared to a year ago it is better. This represents a decline of 2.3 per cent from the 11.8 per cent in 1988. We are not saying that is ideal, but things are starting to get a little bit better. Over-all arrears fell by 31 per cent from the same period in 1988. Again, we are not saying that is ideal and that there isn't room for improvement, but things are starting to get better.

Federal agri-food expenditures from 1987 to 1988 were \$6.1 billion compared to \$3.3 billion for the combined federal and provincial agri-food expenditures in 1981-82. Again, it tells you the part that this government has played in working with the agricultural industry in a very difficult time. We did not back away from them like the previous government did in the early 1970s with the LIFT program. We stayed right there and increased our exports at some considerable cost to the Treasury.

The Minister of Finance has done a much better job of managing the economy. We do not have interest rates at the 22 per cent and 25 per cent. Farmers are not paying nearly as much attention to the bank rate. There is no question that there is room for it to come down. We are not saying that we are happy with the present rates, but they are certainly nowhere where they were—up to the 22 per cent, 23 per cent and 24 per cent—in the early 1980s. To suggest again that this government is not doing anything is wrong.