

market for all farm products, especially in a country like Canada, where most producers are working under a quota system for products such as potatoes, dairy products, grain and poultry. As far as meat imports are concerned, Mr. Speaker, a bill to regulate meat imports was promised in the throne speech—Canada was the only beef-importing country without a permanent policy on the volume of beef imports. Mr. Speaker, Canagrex is not going to do away with the other agencies but will consolidate all the agencies we have right now. In fact, our new legislation on meat imports will ensure that imports from overseas do not affect Canada's traditional role in the North American economy as a beef producer.

Another reason for changing Canada's policy in this area is that the U.S. legislation on meat imports, which dated back to 1964, was amended as of January 1, 1980, to include compensatory measures. Again, Mr. Speaker, I want to make it clear that stabilization board payments and marketing boards will not be affected by Canagrex. In fact, I feel that Canagrex will act as an umbrella organization for the agencies being established in Canada, that it will give us a broader perspective on export markets and will encourage Canadian farmers to become even more dynamic. My colleagues will probably recall that last February, Agriculture Canada negotiated a major agreement with CONASUPO, a similar agency in Mexico. Under the agreement, Canada will provide Mexico with some \$100 million worth of wheat, dairy products, corn, beans and other commodities. However, it took more than a year of negotiations before the agreement was signed. Obviously, if Canada had had a similar agency of its own, as will now be the case with Canagrex, this would have speeded up negotiations and perhaps we would have got a better deal.

During negotiations the Mexican authorities made it quite clear that they favoured agreements between governments. Mexico, like many other nations, is trying to achieve self-sufficiency in food, and Canada will be helping Mexico in its efforts to achieve that goal. However, until then, Canada could supply Mexico with even more agri-food products. As soon as Canagrex is established, export markets and increasing opportunities in this area will be more readily accessible to Canadians. The agreement with Mexico is a first for Canada. The \$100 million transaction may seem quite a lot, but it represents only a fraction of Mexico's agri-food needs. That means, Mr. Speaker, that with Canagrex there is almost no limit to what our contribution could be over several years. There are many possibilities, especially if we consider that the population of Mexico is growing at a rate of 3.5 per cent per year. In fact, these projections reflect only part of the possibilities of the Mexican market. And Mexico is not the only country offering very attractive economic potential for agri-food exports. I could name many more such as Algeria, Venezuela and others. It is incredible that Canagrex should still be in the planning stage at a time when this kind of agency could do so much for

Canagrex Act

Canada. However, at our present speed we are probably going to miss out on a number of good deals.

Once more, Mr. Speaker, I want to stress the fact that Canagrex will act as an umbrella organization for the many agricultural agencies we are setting up in this country. As I said before, we are not going to eliminate stabilization board payments and we are not going to do away with marketing boards, and I feel that we can encourage productivity and initiative among our farmers. Mr. Speaker, it would seem that a number of my hon. colleagues have tried to cast doubts on the usefulness of an agency that Canadians and especially farmers would be proud to have. I made a few queries in order to be able to answer some questions that are important to farm producers. I would like to give an answer to the member for Carleton-Charlotte (Mr. McCain) who claims that the drop in the price of beef is a result of too much beef being imported from Australia, New Zealand and Brazil. Present world beef prices are not due to a beef surplus, but rather to a low demand in most industrialized countries. Australia and New Zealand have exported nearly 100 million pounds of beef to Canada in the last three years compared with 185 million pounds in 1976. Why is this? Because nearly all this imported beef is used for various types of sausages and hamburgers. Because of high interest rates, Canadian meat importers are unable to maintain large stocks of frozen beef. Sausage manufacturers therefore use more Canadian pork and less imported beef because Canadian pork is less expensive. More than ever at the present time, beef prices in Canada depend mostly on the availability of other meats, such as pork or poultry, and on domestic demand. It is not simply the beef supply that explains beef prices. This and many other factors must be taken into account.

On the other hand, almost all imported beef consists of special cuts for hotels and expensive restaurants, but as the need for special cuts increases, we shall be able to export fancier cuts, especially from Alberta, to west coast American markets. Our exports to Japan are mostly high grade boneless beef cuts and in 1981 these exports reached eight million pounds. Our major competitor for the same grade of meat on the Japanese market is the United States. However, Australia is the main supplier of beef to Japan even though it exports beef of a lower quality and supplies a specific sector of the Japanese market. It must be realized that the international market includes specialized products and varied markets.

I would simply like to reply to the hon. member opposite who suggested the pig population has declined in Alberta because of sagging sales in Japan. This should not go unchallenged, because during each of the three years 1978, 1979 and 1980, our pork exports to Japan were very stable at a yearly average of 70 million pounds. In 1981, we exported 80 million pounds of pork to Japan. While four or five years ago most of the pork shipped to Japan came from western Canada, the majority now comes from Quebec. The reason is that western