

But the industry is in serious trouble. And one of the major reasons is a trade war, in agriculture, between the European Community, and the United States - a war of subsidies, in which everyone is the loser, including, dramatically, Canadian farmers and consumers.

With its Common Agricultural Policy, the European Community maintains generous price support for producers, controls on imports, and direct export subsidies for surplus production. Last year, through Community institutions alone, about 18 billion dollars was spent to pay for stockpiling, and to cover subsidies for exporting surpluses. That cost does not include the programs of the individual member states.

The U.S.A. is fighting back with the same expensive weapon, it is devoting huge resources to recapturing its market share. In 1985, the United States passed the Farm Bill. Its export subsidy commissions are initially intended to displace European Community exports, but the massive funding available has meant that all agricultural trading countries are effected.

The net effect on Canada, is clear. The figures for subsidies of wheat production present a stark picture. Calculated in U.S. dollars, Canadian grain producers receive \$34.00 a tonne in government assistance; American farmers receive some \$75.00 U.S. a tonne; and European Community farmers receive \$94.00 U.S. a tonne.

So the grain farmer in High River receives half of the government assistance of his competitor in North Dakota, and only a third of that available in Europe.

Now, what does Canada do about that? The fact is we cannot compete in subsidies, and we cannot let Canadian farmers become the innocent casualties of an agricultural trade war.

We are providing support to our farmers to help meet the immediate crisis, and are working internationally to put more economic sense into agricultural trade. Federal contributions to western agriculture last year amounted to almost \$1.5 billion dollars, under the Western Grain Transportation, Western Grain Stabilization, Crop Insurance, Drought assistance and other programs. Provincial governments provide their own support.

But our clear challenge is to stop the escalation of agricultural subsidies before it drains all of our treasuries, or eliminates totally the natural competitive advantages of Canadian farmers.