

The CNMA fully endorses the Canadian objective of eliminating international export subsidies for agricultural commodities. The Canadian flour milling industry would welcome a global trade environment in which it could compete strictly on the basis of unsubsidized grain prices, sound capital investment and basic management and trading skills.

However, such a trade environment is unlikely to exist for many years to come. As of May, 1990, there is no evidence to suggest that the MTN will lead to early elimination of export subsidies by the major players, the EEC and the United States.

In fact, the most optimistic scenario for the MTN results would appear to be a partial elimination of subsidies over a minimum 10-year phase-out period.

Under such a scenario, the Canadian flour milling industry would be at an insurmountable competitive disadvantage for the foreseeable future, resigned to only sporadic and minimal involvement in commercial world export flour trade.

Table 4 below, reproduced from a recent article which appeared in Milling and Baking News, illustrates how Canada's share of world trade in flour (food aid shipments included) has declined to less than five per cent from nearly 10 per cent in the early 1980's. When food aid shipments are excluded, Canada's market share is lower still.