

Provincial Sensitivities

Agriculture

Saskatchewan grain producers will be concerned about the effect of the agreement on the two-price wheat policy.

Response

The Canada- U.S. Free Trade Agreement did not specifically require Canada to alter the two-price wheat policy.

However, the removal of the grain import permit system and the competitive situation of Canadian food processors as tariffs are phased out for processed food products put the future feasibility of this policy in question.

As a result, on November 6, 1987, the Minister of State for Grains and Oilseeds, the Honourable Charles Mayer, announced the government's intention to change the two-price wheat policy.

The policy will be altered in such a way that farmers will continue to receive support while processors will continue to be able to compete in both domestic and international markets as various provisions of the Free Trade Agreement affecting wheat trade come into effect. Consultations have begun with provinces and interested parties on how and when compensation to wheat farmers will be made.

Will the removal of the grain import permit system interfere with the Canadian quality control system which allows us to earn premium prices on international markets?

Response

No wheat, oats or barley imported into Canada will have to be accompanied by an end-use certificate to ensure that the grain is for consumption in Canada and that it will not be able to affect Canada's grain quality control by preventing it from entering our grain export handling and transportation system.

Saskatchewan farmers are seriously concerned about the adverse impact of the U.S. export enhancement program on Canadian grain producers and about recent U.S. targeting of traditional Canadian markets.

EEP (an agricultural export subsidy) is having a depressing effect on world grain prices adversely affecting