

abroad, and the consequent quality premium in price.¹⁸ In any case, the easing of these import restrictions to allow entry of lower-quality wheats is occurring anyway, independent of the course of free trade negotiations. A pool for unlicensed wheat already exists through the CWB, and an FTA may only speed these developments.

The monopoly selling power of the CWB might be threatened by policy harmonization, either because the United States would argue that such powers constitute an unfair advantage on export markets or because it would be difficult to enforce these powers with an open border. If it were cheaper to move Canadian grain south to export in the winter months, it would further weaken the single-seller power of the CWB.

Subsidized freight rates likely would be an issue, if only because they are an important element of current grain sector protection and are now highly visible. If their removal is not sought would U.S. grain producers have access to this subsidized transportation? Canadians who export oilseed and milling by-products to the United States benefit from these freight rates and U.S. objections to this particular advantage are already being made. A possible response could be to eliminate freight subsidies for that grain shipped to the United States.

Finally, in the area of stabilization or price-support programs, questions of comparable support are likely. Both the Agricultural Stabilization Act and the Western Grain Stabilization Act offer relatively modest payments, the latter being jointly funded with producers and oriented to market conditions. By contrast, U.S. programs remain less market oriented and provide greater producer assistance. Harmonization could be sought here, particularly through such U.S. policy adjustments as lowering deficiency payments. Attention would also be given to the United States' use of subsidized export credits and the use of government stocks to make U.S. grain