

large U.S. population centers. Economies of size and product specialization from increased production potentially would be available, certainly for processed products, if existing firms are able to meet the competition. Specific possibilities, like most new growth opportunities, are almost impossible to predict. These opportunities can act as the catalyst for productivity enhancement to improve Canada's competitive position, and this is the argument presented in the Macdonald Commission.

Finally, the fall in product price that is likely to force adjustment difficulties on producers of milk, poultry and eggs, some vegetables, and perhaps domestic grain products will generate, in total, large benefits to Canadian consumers. With the exception perhaps of certain health regulations, an open border for agricultural products would be to the advantage of consumers across a wide variety of products. On the basis of available measures, these consumer gains would be large enough to outweigh producer losses, meaning that efficiency gains or increases in income to the Canadian economy as a whole would come about from including agriculture in an FTA.