

arrangements, particularly concerning the provincial practice of "top loading" the federal program. Minor changes, such as eliminating remaining tariffs, would favor Canadian exports of portion-ready beef cuts, while exempting each country from provisions of the other's meat import legislation would remove short-term uncertainty. Relaxation of health and veterinary restrictions likely would increase trade in feeder cattle and calves and decrease Canada's imports of live slaughter cattle. Because of the possibility that greater animal health risks would be incurred in Canada, a concern in the negotiations will be to distinguish between those restrictions that are concerned with legitimate health issues and those that constitute nontariff trade barriers. The impact of these changes is particularly important for breeding animals, semen, and embryos, but is not significant for pork and hogs. Coordination of all offshore product restrictions is likely to focus on import quotas. In particular, the United States may press Canada to replace its rising minimum access commitment with a fixed quota.

The issue of harmonizing farm income support and stabilization policies between Canada and the United States is more difficult. In this sector, it is mostly a question of which forms and techniques of stabilization policy are mutually acceptable, a question that has yet to be answered properly in the GATT. Despite the economic advantages in Canada of federal market-oriented, stop-loss programs, provincial programs and subsidies have been introduced in part because the federal plan has generated uncertain, belated, and too-small payments. Yet, provincial subsidies distort trade and cause trade policy problems with the United States, and the federal government has limited ability to control provincial agricultural programs. The United States is likely to find the proposed federal stabilization program for hogs and cattle to be acceptable, as long as it provides no more than market-oriented floor prices below equilibrium levels. Although it raises