

9. The global import quota for poultry will reflect our actual experience with U.S. imports in the past five years. If imports of processed products rise rapidly, Canada will have the right to impose further quota restrictions in accordance with GATT rules.

Although the U.S. is a relatively small market for Canadian grain and oilseed exports, there is room for further growth in certain areas such as rapeseed oil, high quality oats, malting barley, and wheat. The removal of U.S. tariffs on these products will benefit our producers.

Canada has also obtained benefits for our producers with regard to subsidies. Direct export subsidies such as the U.S. Export Enhancement Program will be prohibited for bilateral agricultural trade. Both countries have agreed to take into account the export interests of the other in third countries, when using export subsidies in these markets.

In addition, the requirement for import permits for wheat, oats and barley and their products will be eliminated when and only when total levels of support in both countries for each commodity are determined to be equivalent. Best estimates now show support for barley and oats approaching equivalence, with a significant difference remaining for wheat. However, no changes will occur before January 1, 1989.

Imported U.S. grain will not be allowed to disrupt the Canadian quality control system. This will be controlled through the use of end-use certificates. Such certificates will preclude U.S. grains from entering our grain export handling and transportation system. It is not expected that large volumes of U.S. grain will flow into Canada as a result of these changes.

Alberta's grain farmers have questioned the effect of the agreement on the two-price wheat policy.

The agreement, of course, will not become effective until January 1, 1989. Thus, there will be no change in the interim. Moreover, it appears unlikely that support levels for wheat on both sides of the border will equalize by January 1989. Therefore, import controls on wheat will continue for some time after the initiation of the agreement.

The Sector Advisory Group on International Trade (SAGIT) for Food, Agriculture and Beverages, recognized however that some adjustments and trade-offs would be necessary as tariffs on products were reduced or eliminated. On November 6, Minister of State for Grains and Oilseeds the Honourable Charles Mayer announced the government's