the Canadian milling industry based on a 5-day week of operation was approximately 95 per cent.

In comparison, a CNMA-sponsored study of the U.S. milling industry revealed that capacity utilization in 1987 approached **95 per cent based on a six-day week of operation.** This high degree of capacity utilization was strongly supported by government-assisted exports consisting of both food aid purchases and "commercial" exports under the U.S. Export Enhancement Program. This finding has been supported by a recent statement from the chairman of the U.S. Millers National Federation at the Federation's most recent annual convention. Chairman H.D. Hale described flour exports as "the linchpin for efficient production".

From a strategic point of view, government programs which support and enhance export activity contribute significantly to total industry shipments and the industry-wide level of capacity utilization. This in fact was the fundamental benefit of the AT and East freight subsidy to the Canadian flour milling industry.

To the extent that the elimination of the At and East and Stop-off subsidies result in a decline in milling activity in any geographic region, the resultant decline in capacity utilization may well be sufficient to seriously erode viability of individual flour mills. This will become an even greater factor should the Canada/U.S. Trade Agreement lead to free trade in flour under the provisions of article 705 of the CUSTA, a highly probable