effective protection cited earlier, at least four studies have measured producer benefits in the 1975-80 period to be in the range of $110-170 million annually. These calculations place the per-farm benefit at $25,000 or more -- higher than that received by any other major commodity group.[6] In addition, this protection is highly visible to the United States because of the large margins of Canadian over U.S. prices and small Canadian import quotas -- 0.7 percent of previous year's production for eggs and 6.3 percent for chicken -- that restrict U.S. access to the Canadian market. As a result, the commonly held U.S. perception is that the Canadian industry is much less competitive than its U.S. counterpart and that Canadian poultry- and egg-marketing boards are a barrier to significant exports of poultry products from the United States.[7] By contrast, the United States imposes no important nontariff barriers on imports of such commodities, and has a tariff schedule that is modest and generally lower than that applicable at the Canadian border.

FTA negotiations, therefore, would create pressures for Canada to provide the United States with open access to the Canadian market by removing import quotas, Article XI of the GATT notwithstanding.[8] Once border access is harmonized, other harmonization pressures would become unimportant, in part because supply control is the primary form of policy intervention in this sector. More importantly, supply-management regimes would be unable to preserve price differentials exceeding usual transportation costs, and it would be no longer in the interest of the boards or of Canadian producers to restrict Canadian production. Marketing quotas would lose both their usefulness and their value. This change in market access would force Canadian poultry and egg prices down to levels prevailing in the northern United States plus transfer costs, which would entail a drop of 25 to 30 percent at current exchange rates.