

## II RELEVANCE OF AT AND EAST TO CNMA

The elimination of the At and East freight subsidies and accompanying "Stop-off" subsidies for grain in transit to export position was a federal government policy decision of major significance to the Canadian flour milling industry. The combined effect of these programs had been to neutralize competitive disadvantages among Canadian flour mills arising from their geographic location. As a consequence, all flour mills in Canada were able to compete actively for commercial export business and food aid purchases by CIDA and non-government organizations.

The strategic importance of the At and East rates was identified and explained to federal government departments and agencies on a number of occasions in recent years. Among the submissions to the federal government by the CNMA concerning the At and East was a submission in relation to the Nielsen Task Force review and a subsequent submission in April of 1985 in which the CNMA acknowledged perceived inefficiencies in the program.

In recognition of the federal government's desire to cap or phase out At and East expenditures, the CNMA recommended in its 1985 submission that the At and East be replaced by a "Trade Enhancement Program" to be subject to periodic review to measure its net benefit to the economy. Regrettably, this recommendation was not pursued by the federal government, despite the obviously