more competitive in domestic markets. Although such measures often have been implemented to compete with countries other than Canada — such as the EC — their use could be injurious to Canada by reducing Canadian markets or by forcing Canada to adopt similar policies.

Canada likely would not seek reductions in U.S. support programs by lowering U.S. trigger prices because that provision already provides stop-loss support to producers as do Canada's stabilization programs. As it is, some policy harmonization could proceed without an FTA because the U.S. administration is trying to make its support payments more market oriented, like those in Canada, and this could include reductions in U.S. trigger prices. Although the U.S. grain sector still would affect significantly world grain prices, the U.S. government would no longer be underwriting them.

Because so much of the economic health of this sector depends on world markets and because an open U.S.-Canadian border likely would generate only minor trade flows between two countries, the economic or resource-allocation effects of an FTA on the grains and oilseeds industry would be much less major than on the poultry and dairy industries. Nevertheless, there would appear to be a number of important changes. First, the ability to price domestically used wheat above world prices would be lost, reducing average Canadian producer prices modestly. Second, increased importation of low-quality U.S. wheats into Canada could lower Canada's export price premium unless mixing of different qualities could be avoided or nonvisual quality-control measures could be adopted. This would also make existing variety-licensing practices for production difficult, if not impossible, to enforce. Should low-quality varieties be more widely planted and should the current quality premium be lost on exports, increased yields could offset — and even outweigh — revenue losses. This change would make lower-quality U.S. flour available to the Canadian baking industry and is