

the previous five-year average (taking out the high and low year), the MFN tariff rate can be re-applied on a temporary basis.

The text ensures that planted acreage increases, as a result of possible shifts from wine grape production to other fruits and vegetables are excluded from acreage calculation. This is a new element which will be of assistance to grape growers who may be facing adjustment over the next few years and wish to shift from grape to such crops as tender tree fruits.

This emergency horticulture tariff can only be applied once a year nationally or once per year per region, for a maximum of 180 days. Two days' notice and consultations are required before application of the tariff.

The importance of raw materials to the competitiveness of food processors has been recognized. Food processors will be provided with the means to obtain competitively-priced supply managed imports through administrative changes to poultry import quotas, and the continued operation of the supplemental import permit system for supply-managed products. In addition, although not required by the FTA, Canada's two-priced wheat policy will be altered. These measures will ensure that Canada's and Ontario's food processors will continue to be able to compete in the Canadian and U.S. markets.

The trade agreement has left in place Canada's present marketing boards and the capacity to implement new supply management programs and import controls where necessary. Ontario supply managed commodities (dairy, chicken, turkey, eggs) will be virtually unaffected.

Alcoholic Beverages

The FTA provides that Canada and the United States will reduce barriers to trade in wine and distilled spirits. Canada has agreed that at the end of a seven-year period, all U.S. wines will be listed and priced solely on the basis of commercial considerations. The new regime will begin immediately for distilled spirits.

In the agreement, all existing practices for beer are grandfathered. Consequently, existing practices cannot be challenged under the Free Trade Agreement. For future practices, the beer industry will have access to the full range of dispute settlement protection of the FTA. (It must be remembered, however, that the U.S. has not relinquished its GATT rights with respect to existing practices for beer).