

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).

The wine industry also has secured access to the U.S. market. However, given its relative competitiveness, a seven-year adjustment period has been provided. This industry and the grape growers which supply it have developed in Canada largely as a result of a web of provincial policies. However, both the federal and provincial governments have a record of commitment to the grape growers and the wineries and that commitment will continue as the industry faces the future. Minister of Agriculture John Wise met with the industry and provinces on December 3, 1987 to discuss the impact of the agreement on the industry's competitiveness and to develop appropriate solutions. Consultations between Agriculture Canada, provinces and industry are ongoing.

The recent GATT Council ruling on provincial liquor board practices could have significant impact on the Canadian wine industry. The seven year phase out of differential mark-ups for U.S. wines under the FTA will pose some difficulties for the industry. However, European wine imports to Canada are 24 times larger than U.S. imports, and adjustments to mark-ups would have a very significant impact on the Canadian wine industry. The Minister for International Trade has undertaken to work with the provinces to find ways to respond to the Council recommendations, while addressing the adjustment concerns of the industry.

### Energy

Energy is a key concern to the B.C. economy. British Columbia is Canada's largest coal producer, second largest gas producer and third largest oil producer.

One of British Columbia's key export interests is the exporting of hydro-electric power to the western United States. Under the Free Trade Agreement, the future development of hydro electricity is assured. There are major benefits to be derived from the removal of U.S. market access barriers for Canadian shipments of electricity, crude oil, refinery and other energy products. There are also major gains in terms of security of that access because the reasons for which the U.S. can take import restrictive actions have been significantly narrowed, especially so-called national security restrictions on electricity and other products. More specifically, existing U.S. barriers