

Agriculture

Agriculture is a sensitive sector for British Columbia under free trade. It was recognized that special rules were required to ensure a smooth transition to more open trading conditions.

There were three objectives in the agricultural area: to improve access for farm products, to make that access more secure; and to preserve Canada's agricultural policy instruments. The FTA meets these three objectives. Nothing in the agreement will in any way affect the right of the federal government or the provinces to introduce and maintain programs to protect and stabilize farm incomes.

While the agreement provides for the phased elimination of all agriculture tariffs over 10 years, in recognition of the seasonal nature of the horticulture sector, Canada has maintained the right to restore temporarily tariffs on fresh fruits and vegetables for a 20-year period under depressed price conditions. This will give British Columbia's horticulture producers an opportunity to adjust to more open trading conditions.

The agreement provides that where the import price is below 90% of the previous five-year average monthly import price and the planted acreage of the importing country is not higher than the previous five-year average, the MFN (most favoured nation) tariff rate can be re-applied on a temporary basis. The agreement also ensures that planted acreage increases, as a result of shifts from wine grape production to other fruits and vegetables are excluded from the acreage calculation.

In the absence of this provision recourse to the 20-year tariff "snap-back" provision for some fruits and vegetables could have been prevented because of acreage increases arising from wine grape adjustment.

The tariff can only be applied once a year nationally or once per year per region, for a maximum of 180 days.

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. The highly competitive Canadian distilling industry has had its access to the U.S. market secured and guaranteed on an equal footing with the U.S. industry. They had been facing protectionist actions in the U.S. and now they are assured fair treatment.