

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.

Wine Industry and Grape Growers

As a result of the Free Trade Agreement, provinces will have to reduce their discriminatory pricing practices over a 7-year period.

Premier Peterson announced on November 24, 1987 that he was not prepared to implement the terms of the FTA of the FTA but would reduce discriminatory price differentials for the U.S. and the E.C. over a twelve-year time period.

Agriculture Minister John Wise met with industry and provincial representatives in December to discuss the impact of the agreement and to find appropriate solutions. Consultations at the officials level are continuing.

The wine industry in Ontario has developed largely as a result of provincial government programs and policies such as blending requirements, mark-ups and marketing board pricing practices.

Wineries have been forced to run a large number of small relatively inefficient plants as a result of provincial government trade restrictions. It is this web of artificial supports and trade barriers that has led to a situation in which Canada's overall grape production is out of balance with market demand, requiring perennial surplus disposal programs by federal and provincial governments.

There will be adjustment by both the wine industry and grape growers. The federal government is reviewing the impact at this time to assess the implications of the Free Trade Agreement on the sector's competitiveness and viability. The Free Trade Agreement will only be speeding up an adjustment process that has been on-going for this sector.

However, the government has a proven record of commitment to these industries and that commitment will continue as this industry faces the future. The government will take whatever measures are necessary to help cushion the impact of adjustments in this sector. Provincial governments will also have to take a great deal of initiative to assist this industry.