

twenty-four times as large, pose a very serious threat to the Canadian wine industry. For this reason, we attempted, in consultation with the provinces and the industry, to negotiate a bilateral understanding with the European Community. These negotiations were unsuccessful because the Europeans set conditions which we could not accept.

Now, we will be working with the provinces to find ways to respond to the Panel's recommendations while addressing the adjustment concerns of this industry. The Government will also be reviewing the petition submitted by the Canadian wine industry regarding European subsidy practices on grapes and wines and their impact on the Canadian market.

Our dispute with the European Community on liquor board practices has centered on wine and spirits. European exports of beer, which account for less than one-half of one percent of the Canadian market, did not figure prominently in the complaint. In view of this and, given that discussions are now under way with the provinces to address interprovincial barriers to trade, the Government is not prepared to implement any changes in respect of beer marketing practices in the foreseeable future.

Japanese Tariffs on Dimension Lumber

Finally, I want to advise the House that Canada will be requesting on March 22 that the GATT Council establish a Panel to consider a Canadian complaint against Japan. This relates to a Japanese tariff which discriminates against Canadian lumber in favour of lumber from the USA. The tariff restricts Canadian access to a rapidly expanding market that we pioneered. This is a longstanding issue which we have raised with Japan at the highest levels for many years. Specifically, our exports to Japan of Spruce-Pine-Fir dimension lumber are assessed an 8 percent tariff while exports of competing species, mostly from the United States, are allowed to enter duty-free.

We do not feel that this is consistent with the GATT requirement to give the same tariff treatment to "like products". We have tried to settle this issue on many occasions. The Prime Minister, my colleague the Minister of State for Forestry and Mines and I have all raised this issue with our Japanese counterparts. Japan has offered us limited tariff reductions but would not agree to provide Canada with the same access provided to the U.S. Therefore, we are taking this issue to the GATT.