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Grape production is concentrated in Ontario (approximately 9 356 hectares — 1,149 farms), British Columbia (1 444 hectares — 325 farms), Quebec (69 hectares — 47 farms) and Nova Scotia (44 hectares — 42 farms). There are about 140 full-time grape producers. Where grapes are an integral part of the fruit operation, the entire business may be jeopardized if the other fruit crops cannot support the operation. The average annual farm value of grape production over the past five years has been approximately \$39 million.

Grape juice is subject to a tariff of 15 per cent. Juice is an important outlet for surplus grapes in years of large harvests and removal of this tariff could be a problem on such occasions. Grower returns will be reduced.

The domestic grape industry has a history of surplus production. Purchases of these surpluses have been made by the Agricultural Products Board in six of the last 10 years, including the purchase of approximately 15 000 tonnes of the 1987 crop. As well, the industry has been assisted by governments in a number of marketing, crop insurance, variety evaluation and replanting initiatives. The Canadian grape and wine industries have been experiencing difficulties over the past several years and the need for structural adjustment has become evident. The Agreement has focused industry attention on this need. The Minister of Agriculture has initiated consultations with provincial governments and industry groups, to recommend steps that will enhance the sector's competitiveness.

#### *Tender Fruits*

Production of both peaches and pears for processing has been declining and the Agreement is unlikely to affect the trend. Processing in British Columbia also will be adversely affected. Under the Agreement, growers may concentrate on fresh market production of peaches or other deciduous fruit products that are affected to a lesser extent.

#### *Other Fruits*

Fresh and frozen blueberries are tariff-free and there should continue to be substantial two-way trade.

#### *Vegetables*

##### *Potatoes*

The total farm value of potato production in Canada is about \$300 million (1984). However, this value fluctuates greatly from year to year, mostly as a result of the variability in the price of table potatoes. Fresh market, processing and seed sales represent roughly 37 per cent, 51 per cent and 12 per cent, respectively, of the total quantity sold. All three markets have been growing. Prince Edward Island is the largest producer, followed by New Brunswick and Ontario.