

The settlement does not require changes to existing beer marketing practices in Canada, but does cover measures related to the listing of beer for sale and provides that the differential price markups that now exist will not be increased. For spirits, all differential markups will be removed January 1, 1989. Ontario brandy is the exception: it will have an even phase-out over five years.

This long-standing dispute between Canada and the European Community dates from the 1970's. Earlier bilateral efforts to reach agreement were unsuccessful and the European Community took Canada to the GATT in 1984. Three separate negotiating sessions were held this year with the full participation of the provinces. The result achieved was the best possible in the circumstances. In order to implement the agreement and fulfill our obligations under the GATT, Mr. Crosbie is seeking the co-operation of the provinces.

In August and September of this year, the federal government announced with Ontario and British Columbia a jointly funded \$128 million program to assist grape-growers in those provinces to adjust to the increased international competition that will result from the GATT ruling and the implementation of the Free Trade Agreement. The European Community accounts for the great majority of imported wines in Canada: in Ontario, for example, they constitute about 95 percent of imports sold compared to 2 percent for U.S. wines.