

The system of marketing boards and supply management schemes (including quotas on imports) and our related rights under the GATT (Article XI) remain intact. New Brunswick's dairy, poultry and egg producers have nothing to fear from this agreement.

The deal on agriculture includes elimination of all tariffs (most over ten years, with average tariff of 6%), as well as elimination of the threat of quotas on some sugar-containing products. Recognizing the special situation of our producers of horticultural products which benefit from seasonal tariffs, we will be allowed during the next 20 years to restore, temporarily, tariffs on fresh fruit and vegetables under depressed price conditions.

We have also reached agreement that technical regulations and inspection procedures, such as those that have affected exports of potatoes, will no longer be used to frustrate trade. Finally, we have agreed not to use direct export subsidies in our bilateral trade of agricultural products.

The New Brunswick potato industry will benefit from the deal on agriculture. There are some 500 to 600 potato growers employing about 2,500 people. While about half of production is absorbed by local food processors, exports are important and 60% of exports are to the U.S. Despite a longer growing season and the current 35-cents per 100 pounds tariff, the New Brunswick potato industry is currently competitive and will benefit from the elimination of trade barriers and more secure access.

With respect to the impact of the agreement on the New Brunswick food processing industry, as already noted, most tariffs will be eliminated over a period of ten years. Most concerns about the high cost of primary inputs will be met by the phasing-out of two-price wheat and provisions for supplementary import quotas for supply managed products.

5) A new regime for trade in alcoholic beverages. The agreement provides that both countries 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. All existing measures affecting the sale and distribution of beer are grandfathered, while new measures will benefit from the new dispute settlement mechanism if they are challenged by the U.S.

6) Better access for New Brunswick fish exports. The New Brunswick fishing industry has approximately 7,500 fishermen and 168 registered fish processing plants. About