

The Canadian Government accepts the basic components of the European Community's approach to adjusting the GATT obligations of EC-12 and those of Austria, Sweden and Finland, following the recent enlargement of the Community:

- netting out of export commitments
- netting out of tariff quotas
- aggregation of domestic support commitments.

The appropriate legal modalities of implementation will need to be agreed upon.

3. As regards bilateral trade in cheese, Canada undertakes to increase the current EC 12 247 tonnes country reserve (60% of the global tariff quota) to 66% of the global tariff rate quota. The EC undertakes to increase the existing tariff rate quota of Canadian aged Cheddar to 4 000 tonnes. The Canadian authorities will indicate to the Canadian Dairy Commission that "certificates of authenticity" for "aged Cheddar" should only be issued for in-quota quantities. Canada will only permit imports of cheese from the EC under its tariff rate quota accompanied by an export certificate issued by the European Community.