

CANADIAN SUBMISSION TO THE GATT ON PROVINCIAL BEER MARKETING PRACTICES

Further to the decision of the General Agreement on Tariffs and Trade (GATT) Council of February 18, 1992, to adopt the panel report on *Canada -- Import, Distribution and Sale of Certain Alcoholic Drinks by Provincial Marketing Agencies*, the Government of Canada wishes to advise the contracting parties of the measures taken, pursuant to the recommendations of the panel, to ensure observance of the provisions of the General Agreement by the Canadian provincial governments. This document addresses all issues on which Canada was to report as recommended by the panel, by March 31, 1992, and July 31, 1992.

Following extensive consultations between the Government of Canada and the Canadian provincial governments, the provinces have undertaken to introduce a comprehensive series of measures to bring those practices found by the panel to be contrary to GATT into line with Canada's international trade obligations. Canada will meet its obligations through major adjustments to the current provincial systems, which constitute import monopolies within the provisions of Article XVII of the General Agreement. These adjustments are intended to ensure the provision of national treatment to imported beer products within each provincial jurisdiction. A number of these measures will require legislative action to bring the necessary changes into effect.

The development of a more open and competitive domestic market, which is being built upon the elimination of interprovincial barriers to trade in beer, will necessitate a period of transition before all elements of the report are fully implemented. Canada considers that a period of transition is both reasonable and essential. All changes will be provided on a Most-Favoured-Nation basis and will be implemented as soon as possible but no later than March 31, 1995. Canada is committed to a GATT-consistent and open market for beer products at the end of this period.

The following are the planned changes on a province-by-province basis:

In the province of Ontario, imported beer will be accorded national treatment. In the future, there will be no prohibition on imported beer being sold in larger package sizes where that right is accorded to domestic products.