

BACKGROUNDER

GATT PANEL REPORT REGARDING U.S. BEER, WINE AND CIDER PRACTICES

- Canadian alcoholic beverage producers have expressed serious concerns regarding the U.S. federal excise measures and state government practices affecting Canadian exports of alcoholic beverages to the U.S. market. A number of provinces have related concerns. These practices included the introduction of U.S. excise tax measures under the Omnibus Budget Reconciliation Act of 1990, which provides for reduced tax treatment for small U.S. producers of beer, wine and cider.
- In an effort to resolve the difficulties arising from the discriminatory U.S. practices, Canada requested consultations with the U.S. under General Agreement on Tariffs and Trade (GATT) Article XXIII:1. On February 6, 1991, Canada advised the GATT Council in Geneva of its request to the U.S. for consultations.
- Two sets of consultations were held but did not achieve a satisfactory resolution of the matter.
- At Canada's request, a GATT Panel was established to examine Canada's complaint.
- Consistent with GATT practice, two meetings of the Panel were held, in October and December, 1991. Following these meetings, the Panel's Report was released to the parties for consideration on February 7, 1992. The Report was released, on a confidential basis, to the Contracting Parties on March 16, 1992.
- The Panel was presented to the GATT Council on April 30, 1992, for adoption. The Report has now been made public by the GATT Council.
- Adoption of the report requires the U.S. to implement the recommendations of the Panel.