

Backgrounder

CANADA-U.S. BEER DISPUTES

GATT PANEL ON THE IMPORT, DISTRIBUTION AND SALE OF BEER BY CANADIAN PROVINCIAL MARKETING AGENCIES ("BEER I")

- In May 1990, the H.G. Heileman Brewing Company submitted a petition to the U.S. Trade Representative under the U.S. Trade Act of 1974 (as amended by the Omnibus Trade and Competitiveness Act of 1988). Subsequently, the Stroh Brewery Company filed a similar petition targeted at the province of Ontario. These petitions alleged unfair practices relating to the listing, pricing and distribution of beer.
- In response to these petitions, the U.S. initiated GATT dispute settlement proceedings and requested GATT Article XXIII.1 consultations with Canada, which took place on July 20, 1990.
- On December 12, 1990, the U.S. requested the GATT contracting parties in Geneva to establish a GATT panel to examine the listing, pricing and distribution practices of provincial liquor boards with respect to beer.
- The panel provided its findings to Canada and the U.S. on September 18, 1991. The panel found several provincial measures related to the pricing, distribution and sale of beer to be inconsistent with the General Agreement.
- The panel report was adopted by GATT Council February 18, 1992. The report contained the recommendation that Canada "report to the Contracting Parties on the measures taken in respect of access to points of sale and differential mark-ups before the end of March 1992 and in respect of the other matters before the end of July 1992." Canada confirmed to the Council its commitment to abide by the panel's recommendations.
- On March 31, 1992, Canada advised the contracting parties of measures the provinces would be taking to ensure observance of the GATT. A timetable for the changes was also provided. The U.S. objected to the proposals, regarding them as too limited, and to the amount of time allowed for their introduction (up to three years).
- On April 25, 1992, Canada and the U.S. reached an agreement-in-principle in which Canadian provinces undertook to implement certain measures in exchange for the withdrawal by the U.S. of the threat of retaliatory action.