

A. Letter from the European Community

Sir,

I have the honour to confirm the following understanding reached between the delegations of Canada and the European Community:

1. Taking into account the exceptional market situation which is expected to prevail for the remainder of the 1995/1996 marketing year for wheats (Common and Durum), the European Community agrees to make the following adjustments to its import rules for Common and Durum wheat, in order to alleviate the current difficult market situation:
 - (a) From 1 January to 30 June 1996 the abatement for high quality wheat will be increased from 8 ECU/tonne to 14 ECU/tonne;
 - (b) For the same period the requirement for durum wheat of 73% of vitreous kernels will be reduced to the standard level of 60%.

Subject to the foregoing changes being implemented, Canada will terminate its present request for a WTO panel on EC cereals regulations.

Subject to the terms of the preceding paragraphs, each party retains all of its WTO rights. This agreement is without prejudice to the legal position of either party regarding any matter covered by this agreement.