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CANADA RESPONDS IN KIND TO U.S. RETALIATION ON ONTARIO BEER

The Honourable Michael Wilson, Minister of Industry, Science and Technology and Minister for International Trade, has announced that Canada will impose a matching duty of 50 per cent on some imports of U.S. beer into Ontario.

Mr. Wilson was responding to the U.S. decision announced today to impose duties on Ontario beer exports. The Canadian duty will apply only on beer from Heileman and Stroh, and will result in an increase of at least 65 cents for a six-pack of beer at current prices. Other U.S. beer imports in Ontario will not be affected. In addition, the duty will not apply in other provinces.

"We regret that the U.S. has chosen a course that penalizes Ontario's beer trade," Mr. Wilson said. "It is unilateral, it is completely unwarranted and leaves us no choice but to respond accordingly. We would have preferred a negotiated settlement of this matter."

At the monthly General Agreement on Tariffs and Trade (GATT) Council meeting last week, the GATT did not approve a request by the U.S. for authority to retaliate. In spite of this, the U.S. is proceeding to retaliate unilaterally against Ontario beer.

"In the absence of GATT authority, this action is contrary to U.S. international trade obligations. It is also contrary to the Free Trade Agreement," Mr. Wilson said.

Mr. Wilson pointed out that Canada has also offered to have the specific issues raised by the U.S. examined on an expedited basis by the GATT. "Canada stands by this offer even though the U.S. has rejected it so far."

"Canada has made serious efforts to reach a negotiated settlement with the U.S.," Mr. Wilson added. "Major changes have already been made by the provinces to their beer marketing practices. Remaining changes will be made before September 30, 1993, as Canada had agreed to do with the U.S. We consider these changes consistent with the GATT and the panel ruling."

The Minister also noted that U.S. federal and many state measures that discriminate against Canadian beer and wines were found to be inconsistent with the GATT. "We fully expect the U.S. to fulfil their own international trade obligations and indicate without delay how they will implement the GATT panel's findings," Mr. Wilson concluded.

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For further information, media representatives may contact:

Media Relations Office
External Affairs and International Trade Canada
(613) 995-1874