

Original: English

**CANADA – TAX EXEMPTIONS AND REDUCTIONS  
FOR WINE AND BEER**

Notification of Mutually Agreed Solution

The following communication, dated 17 December 2008, from the delegation of the European Communities and the delegation of Canada to the Chairman of the Dispute Settlement Body, is circulated pursuant to Article 3.6 of the DSU.

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The Government of Canada and the European Communities wish to notify the Dispute Settlement Body that, in accordance with Article 3.6 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes*, they have reached a mutually agreed solution to the matters raised by the European Communities in its request for consultations in WT/DS354/1, G/L/806, G/SCM/D72/1 dated 4 December 2006.

The mutually agreed solution pursuant to Article 3.6 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes* entails the reduction, on a most-favoured nation basis, of applied customs duties on certain products imported in Canada. We would be grateful if you could circulate this notification to the relevant Councils and Committees, as well as to the Dispute Settlement Body.

For the European Communities

For Canada

H.E. Mr. Eckart Guth  
Ambassador

H.E. Mr. John Gero  
Ambassador

**Agreed Minutes of bilateral consultations in the context of DS354**  
***"Canada – Tax Exemptions and Reduction for Wine and Beer"***

These agreed minutes set out the mutually agreed solution between the European Commission and the Government of Canada pursuant to Article 3.6 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes* with regard to the issues raised by the European Communities in DS354 *"Canada – Tax Exemptions and Reduction for Wine and Beer"*.

Canada will, on a most-favoured nation basis, reduce applied customs duties on certain products imported into Canada as set out in detail in Annex 1.

Effective reduction of the applied customs duties as listed in Annex I will allow the termination of DS354 *Canada – Tax Exemptions and Reduction for Wine and Beer* pursuant to Article 3.6 of the *Understanding on Rules and procedures governing the settlement of Disputes*.

Following the completion of each party's internal procedures, and not later than 19 December 2008, Canada and the European Communities will notify this mutually satisfactory solution and, hence, the termination of DS354 proceedings, to the WTO Dispute Settlement Body.

For the Government of Canada

For the European Commission

Date 10 October 2008

Date 10 October 2008

**Annex I**  
**Canadian Customs Duty Reductions**

1. As of January 1, 2009, Canada will, on a most favoured nation basis, remove all applied customs duties on the following goods:

- (a) Non-alcoholic beer (tariff line 2202.90.10);
- (b) Bulk wine (tariff lines 2204.29.10, 2204.29.21, 2204.29.22, 2204.29.23, 2204.29.24, 2204.29.25, 2204.29.26, 2204.29.27, 2204.29.28, 2204.29.31, 2204.29.32, 2204.29.41, 2204.29.49);
- (c) Fortified wines (tariff lines 2204.21.22, 2204.21.23, 2204.21.24, 2204.21.25, 2204.21.26, 2204.21.27, 2204.21.28, 2204.21.31, 2204.21.32, 2204.21.41, 2204.21.49);
- (d) Vermouth wines (tariff lines 2205.10.10, 2205.10.20, 2205.10.30, 2205.90.10, 2205.90.20, 2205.90.30); and
- (e) Other grape must (tariff lines 2204.30.10, 2204.30.90).

2. Canada will, on most favoured nation basis, reduce the applied customs duty on bottled wine of tariff line 2204.21.10 in two steps from the current applied MFN customs duty of 3.74 cents per litre to:

- 2.62 cents per litre as of 1 January 2009; and
- 1.87 cents per litre as of 1 January 2010.

3. Canada will, on a most favoured nation basis, reduce the applied customs duty on bottled wine of tariff line 2204.21.21 in two steps from the current applied MFN customs duty of 9.35 cents per litre to:

- 6.55 cents per litre as of 1 January 2009: and
- 4.68 cents per litre as of 1 January 2010.

4. Canada will, on a most favoured nation basis, reduce the applied customs duty on sparkling wine (tariff lines 2204.10.10 and 2204.10.90) in two steps from the current applied MFN customs duty of 37.4 cents per litre to:

- 14.96 cents per litre as of 1 January 2009; and
  - Duty free as of 1 January 2010.
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