

4 February 2016

The Hon Andrew Robb MP
Minister for Trade and Investment
Australia

Dear Minister

In connection with the signing on this date of the Trans-Pacific Partnership Agreement (the Agreement), I have the honour to confirm the following understanding reached between the Government of Canada and the Government of Australia during the course of negotiation regarding the treatment of Australian wine and distilled spirits:

1. If a state owned enterprise of a regional level of government in Canada applies a cost of service differential to an imported wine or distilled spirit associated with the distribution, marketing or sale of the imported product, that cost of service differential will not exceed the actual difference in the costs of the distribution, marketing and sale of an imported wine or distilled spirit compared to the cost of distribution, marketing and sale of a like domestic wine or distilled spirit.
2. If a cost of service differential applied to a wine or distilled spirit product from a non-Party to this Agreement is applied on a basis other than the value of the product pursuant to an agreement with that non-Party, the cost of service differential referred to in paragraph 1 will be applied on the same basis under this Agreement.
3. If a mark-up, cost of service or other pricing measure is adopted or maintained within the scope of Annex 2-A (Measures of Canada, paragraph (f)) with respect to the internal sale or distribution of a wine or distilled spirit, those measures will accord treatment no less favourable than the treatment accorded to a like wine or distilled spirit of any other Party to the Agreement or a non-Party.
4. If a state owned enterprise of a regional level of government in Canada applies a cost of service differential with respect to the internal sale and distribution of wine and distilled spirits, that cost of service differential will be made available through publicly accessible means, such as its official website.

I have the honour of proposing that this letter, equally valid in French and English, and your letter in reply, confirming that your Government shares this understanding, will constitute an understanding between our Governments that will come into effect on the first date on which the Agreement is in force for both Canada and Australia.

Yours sincerely,

Chrystia Freeland

4 February 2016

The Honourable Chrystia Freeland
Minister of International Trade
Canada

Dear Minister

I have the honour to acknowledge receipt of your letter of 4 February 2016, which reads as follows:

In connection with the signing on this date of the Trans-Pacific Partnership Agreement (the Agreement), I have the honour to confirm the following understanding reached between the Government of Canada and the Government of Australia during the course of negotiation regarding the treatment of Australian wine and distilled spirits:

1. If a state owned enterprise of a regional level of government in Canada applies a cost of service differential to an imported wine or distilled spirit associated with the distribution, marketing or sale of the imported product, that cost of service differential will not exceed the actual difference in the costs of the distribution, marketing and sale of an imported wine or distilled spirit compared to the cost of distribution, marketing and sale of a like domestic wine or distilled spirit.
2. If a cost of service differential applied to a wine or distilled spirit product from a non-Party to this Agreement is applied on a basis other than the value of the product pursuant to an agreement with that non-Party, the cost of service differential referred to in paragraph 1 will be applied on the same basis under this Agreement.
3. If a mark-up, cost of service or other pricing measure is adopted or maintained within the scope of Annex 2-A (Measures of Canada, paragraph (f)) with respect to the internal sale or distribution of a wine or distilled spirit, those measures will accord treatment no less favourable than the treatment accorded to a like wine or distilled spirit of any other Party to the Agreement or a non-Party.
4. If a state owned enterprise of a regional level of government in Canada applies a cost of service differential with respect to the internal sale and distribution of wine and distilled spirits, that cost of service differential will be made available through publicly accessible means, such as its official website.

I have the honour of proposing that this letter, equally valid in French and English, and your letter in reply, confirming that your Government shares this understanding, will constitute an understanding between our Governments that

will come into effect on the first date on which the Agreement is in force for both Canada and Australia.

I have the further honour of proposing that this letter and your letter, equally valid in French and English, confirming that your Government shares this understanding, will constitute an understanding between our Governments, that will come into effect on the first date on which the Agreement is in force for both Canada and Australia.

Yours sincerely

Andrew Robb