

AGREEMENT IN THE FORM OF AN EXCHANGE OF LETTERS

between the European Community and Canada pursuant to Article XXVIII of GATT 1994 for the modification of concessions with respect to cereals provided for in EC Schedule CXL annexed to the GATT 1994

A. Letter from the European Community

Sir,

Following negotiations between the European Community (EC) and Canada under Article XXVIII of GATT 1994 for the modification of concessions with respect to cereals provided for in EC Schedule CXL annexed to the General Agreement on Tariffs and Trade 1994 (GATT 1994), the EC agrees to the conclusions as outlined below.

1. With regard to the EC notification G/SECRET/15 of 26 July 2002, for durum wheat and rye as well as for high quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ L 161, p. 125), the concessions contained in the EC Schedule CXL shall continue to apply.
2. (a) For other spelt, medium and low quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ L 161, p. 125) and meslin under item 1001 90 95 (other spelt, common wheat, and meslin), the EC shall establish a tariff quota of 2 981 600 tonnes.
(b) Within the tariff quota specified in 2(a), 38 000 tonnes shall be allocated to Canada. Subject to prior approval by Canada, in the event Canada is unable to fill its allocation, this allocation may be opened to other countries.
(c) The in-quota tariff rate for the tariff quota specified in 2(a) shall be EUR 12/tonne, and the out-of-quota tariff rate shall be no higher than the lower of the bound rate of duty for item 1001 90 95 (other spelt, common wheat, and meslin) in EC Schedule CXL as of 1 July 2002 or the most-favoured-nation rate of duty.
3. Once the EC has established the tariff quota as specified in 2, the EC need not apply the concessions for other spelt, medium and low quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ L 161, p. 125) and meslin under item 1001 90 95, contained in headnote 6 of EC Schedule CXL.
4. The tariff quota specified in 2 shall open on 1 January of each year.
5. The tariff quota specified in 2 shall be managed on a first-come, first-served basis. Both parties will consult on the other aspects of the management of the quota.
6. The EC recognises that Canada has initial negotiating rights with respect to the concessions specified in 1 and 2.

This Agreement shall be approved by the Parties in accordance with their own procedures.

The provisions of this Agreement shall be applicable from 1 January 2003.

I would be grateful if you could confirm the agreement of your Government to the above.

Please accept, Sir, the assurance of my highest consideration.

For the European Community



BRUSSELS, 20 DECEMBER 2002

B. Letter from Canada

Sir,

I have the honour to acknowledge receipt of your letter of today's date, worded as follows:

'Following negotiations between the European Community (EC) and Canada under Article XXVIII of GATT 1994 for the modification of concessions with respect to cereals provided for in EC Schedule CXL annexed to the General Agreement on Tariffs and Trade 1994 (GATT 1994), the EC agrees to the conclusions as outlined below.

1. With regard to the EC notification G/SECRET/15 of 26 July 2002, for durum wheat and rye as well as for high quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ L 161, p. 125), the concessions contained in the EC Schedule CXL shall continue to apply.
2. (a) For other spelt, medium and low quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ L 161, p. 125) and meslin under item 1001 90 95 (other spelt, common wheat, and meslin), the EC shall establish a tariff quota of 2 981 600 tonnes.
(b) Within the tariff quota specified in 2(a), 38 000 tonnes shall be allocated to Canada. Subject to prior approval by Canada, in the event Canada is unable to fill its allocation, this allocation may be opened to other countries.
(c) The in-quota tariff rate for the tariff quota specified in 2(a) shall be EUR 12/tonne, and the out-of-quota tariff rate shall be no higher than the lower of the bound rate of duty for item 1001 90 95 (other spelt, common wheat, and meslin) in EC Schedule CXL as of 1 July 2002 or the most-favoured-nation rate of duty.
3. Once the EC has established the tariff quota as specified in 2, the EC need not apply the concessions for other spelt, medium and low quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ L 161, p. 125) and meslin under item 1001 90 95, contained in headnote 6 of EC Schedule CXL.
4. The tariff quota specified in 2 shall open on 1 January of each year.
5. The tariff quota specified in 2 shall be managed on a first-come, first-served basis. Both parties will consult on the other aspects of the management of the quota.
6. The EC recognises that Canada has initial negotiating rights with respect to the concessions specified in 1 and 2.

This Agreement shall be approved by the Parties in accordance with their own procedures.

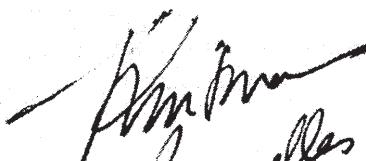
The provisions of this Agreement shall be applicable from 1 January 2003.

I would be grateful if you could confirm the agreement of your Government to the above.'

The Government of Canada has the honour of confirming its agreement with the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

On behalf of the Government of Canada



J. Chrétien
le 31 mars 2003