

No. 20820

**UNITED STATES OF AMERICA
and
CANADA**

Arrangement concerning cheeses, reached on the Tokyo Round of the Multilateral Trade Negotiations (with annexes and related letters dated 4 February and 20 March 1980). Signed at Geneva on 15 June 1979

Authentic text: English.

Registered by the United States of America on 1 March 1982.

**ÉTATS-UNIS D'AMÉRIQUE
et
CANADA**

Arrangement relatif aux fromages convenu lors des négociations commerciales multilatérales dites de Tokyo (avec annexes et lettres connexes en date des 4 février et 20 mars 1980). Signé à Genève le 15 juin 1979

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 1^{er} mars 1982.

ARRANGEMENT¹ BETWEEN CANADA AND THE UNITED STATES CONCERNING CHEESES

The Delegations of Canada and the United States agree *ad referendum* on an arrangement concerning cheese, as set forth in the enclosure. The Canadian Delegation's agreement to this text is conditional on the establishment of satisfactory procedures for the administration of the USA quotas on Canadian cheese.

[Signed — Signé]²

For the Delegation of Canada

[Signed — Signé]³

For the Delegation of the United States

Geneva, June 15, 1979

ARRANGEMENT BETWEEN CANADA AND THE UNITED STATES CONCERNING CHEESES

1. The United States agrees to bind in schedule XX of the General-Agreement on Tariffs and Trade⁴ the quota levels by type of cheese listed in annex II. These quotas will be established under the authority of Section 22 of the Agricultural Adjustment Act of 1933. The United States agrees to consult with Canada on the administration of these quotas. At the minimum the present quota for aged cheddar (555.7 metric tons) will continue to be administered on a first-come, first-served basis. This Arrangement shall be without prejudice to the rights of Canada under the GATT.

2. The United States agrees that its import system will be adjusted so that the cheeses which are listed in annex I will not be subject to quotas, and the other cheeses will be freely imported within the limits of fixed quotas.

3. The global volume of the quotas granted to Canada for cheeses subject to the quota systems will amount to a minimum of 2,044 metric tons annually. The distribution of the quotas between the different varieties is that listed in annex II of the present Arrangement. The United States agrees to take all necessary measures to permit the maximum utilization by Canada of the quotas. It is, however, understood that if, following consultation with Canadian authorities, Canada is unable to supply a given annual quota, the United States will authorize a temporary country of origin adjustment for the remainder of the quota year so that United States' importers and licensees may be able to use their import licenses elsewhere. Any such adjustment would be without prejudice to Canada's subsequent years' quota levels.

¹ Came into force on 20 March 1980, with retroactive effect from 1 January 1980, the date on which schedule XX (United States) to the Geneva (1979) Protocol* became a schedule to the General Agreement on Tariffs and Trade,** in accordance with the provisions of the related letters.

* United Nations, *Treaty Series*, vols. 1187 to 1193, No. A-814XC.

** *Ibid.*, vol. 55, p. 187.

² Signed by R. de C. Grey — Signé par R. de C. Grey.

³ Signed by E. Koenig — Signé par E. Koenig.

⁴ United Nations, *Treaty Series*, vol. 55, p. 187.

4. Canada agrees not to grant restitutions or other government payments in a manner so as to result in prices of cheese of Canadian origin below the prices of like U.S. domestic cheese at the wholesale level. Any government payments applied in a manner inconsistent with this commitment would be subject to counteraction by the United States. In such a case the United States will notify Canadian authorities and agrees to enter into consultations before undertaking any counteraction.

5. The United States notes Canada's interest in having all quotas administered on an unlicensed first-come, first-served basis.

6. Consultations will take place regarding the operation of this Arrangement at the request of either Canada or the United States.

ANNEX I

In accordance with the Arrangement the cheeses covered by the following tariff categories of the tariff schedules of the United States shall not be subject to quota:

<i>TSUS No.</i>	<i>Description</i>
117.0020	Stilton cheese, in original loaves, product of England
117.0520	Stilton cheese, other, product of England
117.1000	Bryndza cheese
117.3000	Gjetost cheese, made from goat's milk whey or from whey obtained from a mixture of goat's milk and not more than 20 percent of cow's milk
117.3500	Gjetost cheese, other
ex 117.4060	Goya cheese, in original loaves
117.4500	Roquefort cheese, in original loaves, product of France
117.5000	Roquefort cheese, other, product of France
117.6060	Gammelost and Nokkelost cheeses
117.6500	Cheeses made from sheep's milk, in original loaves and suitable for grating
117.6700	Pecorino cheese, made from sheep's milk, in original loaves, not suitable for grating
117.7000	Other sheep's milk cheese
117.7575	Other goat's milk cheese valued not over 25 cents per pound
117.8575	Other goat's milk cheese valued over 25 cents per pound
(To be established)	Soft ripened cow's milk cheeses meeting the following definition: "Soft ripened cheese is cured or ripened by biological curing agents such as molds, yeasts, and other organisms which have formed a prominent crust on the surface of the cheese. The curing or ripening is conducted so that the cheese visibly cures or ripens from the surface toward the center. Fat content in the dry matter is not less than fifty (50) percent. Moisture content calculated by weight of the non-fatty matter is not less than sixty-five (65) percent. "The term soft ripened cheese does not include cheeses with mold, blue or otherwise, distributed throughout the interior of the cheese."

The following non-comprehensive list is given for illustrative purposes only. Administrative cooperation should be established at the technical level concerning any difficulty related to the classification of these cheeses:

Bibress	Limbourg	St. Marcellin
Brie	Livarot	Taleggio
Camembert	Maroilles	(Examples offered for sale under commercial names)
Cambré	Munster—from France and	Boursault
Carré de l'Est	Germany along both	Caprice des Dieux
Chaource	sides of the Rhine	Ducs (Suprême des)
Coulommiers	Pont-l'Evêque	Explorateur
Epoisses	Reblochon	

ANNEX II

CHEESE QUOTAS

CANADA

<i>TSUS Appendix Item Number</i>	<i>Commodity</i>	<i>Quota</i>
950.08.A	Aged cheddar cheese* of which:	833 MT
	administered on an unlicensed first-come, first-served basis	555.7 MT
950.10.B	Swiss-type cheese	70 MT
950.10.D	Cheeses and substitutes for cheeses provided for in items 117.75 and 117.85, part 4C, schedule I of the Tariff Schedule of the USA (except cheese not containing cow's milk; cheese except cottage cheese, containing 0.5 per cent or less by weight of butterfat, soft ripened cow's milk cheese and articles within the scope of other import quotas provided for in this part)	1,141 MT

* Product as defined in headnote 3(a)(i) of part 3 Appendix to the TSUS.

RELATED LETTERS

I

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

EXECUTIVE OFFICE OF THE PRESIDENT

WASHINGTON

February 4, 1980

Dear Mr. Ambassador:

I refer to the new United States tariff language regarding duty-free treatment for certain agricultural machinery, to the June 15, 1979, Arrangement concerning cheeses,¹ to the April 12, 1979, exchange of letters concerning alcoholic beverages,² to the July 20, 1979,* letter concerning canned turkey, and to the memoranda of September 17 and 21, 1979, and October 9, 1979, regarding tariffs,³ all agreed upon during the Multilateral Trade Negotiations.

The new language regarding agricultural machinery was submitted to the Congress on June 19, 1979, under section 102 of the Trade Act of 1974. What was then submitted was merely the new tariff language without any date or signatures. The final instrument or text must now be resubmitted under section 2 of the Trade Agreements Act of 1979, with any rectifications or other changes. It is proposed that a document along the lines of the attachment be signed by representatives of our two Governments indicating that the general substance of the new language was agreed to prior to the date of its original submission to the Congress. Please advise me whether the proposal is acceptable to your Government.

In order to comply with certain technical legal requirements, the United States intends to treat the documents relating to cheese, to alcoholic beverages, and to canned turkey as agreements between our two Governments as contracting parties to GATT,

* Should read "July 10, 1979".

¹ See p. 3 of this volume.

² United Nations, *Treaty Series*, vol. 1267, No. I-20843.

³ See pp. 63 and 71 of this volume.

effective, in the case of the agreement relating to cheese, on January 1, 1980, when schedule XX (United States) to the Geneva (1979) Protocol¹ became a schedule to GATT and, in the case of the other two agreements, when that schedule XX and schedule V (Canada) to the same Protocol have both become schedules to GATT.

It is intended that the United States tariff matters dealt with in the September and October memoranda will be made a part of schedule XX by the GATT certification procedure.

Sincerely,

[Signed]

ROBERT C. CASSIDY, Jr.
General Counsel

His Excellency Peter M. Towe
Ambassador of the Embassy of Canada
Washington, D.C.

II

CANADIAN EMBASSY

AMBASSADE DU CANADA

Washington, D.C., March 20, 1980

Dear Mr. Cassidy,

I refer to your letter of February 4 concerning duty-free treatment for certain agricultural machines, the June 15, 1979, arrangement concerning cheeses, the April 12, 1979, exchange of letters concerning alcoholic beverages, the July 20, 1979, letter concerning canned turkey, the memoranda of September 17 and 21, 1979, and of October 9, 1979, regarding tariffs, all agreed upon during the Multilateral Trade Negotiations.

The Canadian authorities can agree that the attachment to your letter could be signed by representatives of our two governments to confirm that the new language on agricultural machinery was agreed between us prior to June 19, 1979.

We have no objections to the USA treating documents relating to cheese, to alcoholic beverages and to canned turkey as arrangements between our two Governments as contracting parties to the GATT, as suggested in your letter. Such treatment in domestic USA law does not, of course, modify the standing of these arrangements with respect to the GATT.

Yours sincerely,

[Signed]

PETER M. TOWE
Ambassador

Mr. Robert Cassidy
General Counsel Office of the U.S. Trade Representative
Washington, D.C.

¹ United Nations, *Treaty Series*, vols. 1187 to 1193, No. A-814XC.