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**CANADA - MEASURES GOVERNING THE SALE OF WINE IN GROCERY
STORES (SECOND COMPLAINT)**

REQUEST FOR THE ESTABLISHMENT OF A PANEL BY THE UNITED STATES

The following communication, dated 25 May 2018, from the delegation of the United States to the Chairperson of the Dispute Settlement Body, is circulated pursuant to Article 6.2 of the DSU.

The United States Government requested consultations with the Government of Canada pursuant to Articles 1 and 4 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes* and Article XXII:1 of the *General Agreement on Tariffs and Trade 1994* ("GATT 1994"), with regard to measures maintained by the Canadian province of British Columbia ("BC") governing the sale of wine in grocery stores.¹ The United States and Canada held consultations, but unfortunately, these consultations were unsuccessful in resolving this dispute.

BC wine measures provide advantages to BC wine through the granting of exclusive access to a retail channel of selling wine on grocery store shelves. The BC wine measures discriminate against imported wine by allowing only BC wine to be sold on regular grocery store shelves while imported wine may be sold in grocery stores only through a so-called "store within a store." These measures are reflected in legal instruments that include, but are not limited to, the following, operating separately or collectively:

1. Policy Directive No. 15-01, issued by the BC Liquor Control and Licensing Branch, re: Liquor Policy Review Recommendations #19 and 20: Phased-in Implementation of Liquor in Grocery Stores, dated February 26, 2015;
2. BC Liquor Control and Licensing Act ([SBC 2015] Chapter 19), succeeding the BC Liquor Control and Licensing Act ([RSBC 1996] Chapter 267);
3. B.C. Reg. 42/2015, deposited March 17, 2015, amending BC Liquor Control and Licensing Regulation, B.C. Reg. 244/2002; Order in Council 121/2015, approved and ordered March 16, 2015; British Columbia Gazette, Part II, Volume 58, No. 6 (March 24, 2015);
4. BC Liquor Control and Licensing Regulation, B.C. Reg. 241/2016, deposited October 20, 2016, effective January 23, 2017, succeeding BC Liquor Control and Licensing Regulation, B.C. Reg. 244/2002; and
5. "Wine Store Terms and Conditions," BC Liquor Control and Licensing Branch publication, updated August 2017;

as well as any amendments or successor, replacement, or implementing measures.

The United States considers that these measures are inconsistent with Canada's obligations under Article III:4 of the GATT 1994 because they are laws, regulations, or requirements affecting the internal sale, offering for sale, purchase, or distribution of wine and fail to accord products

¹ WT/DS531/1.

imported into Canada treatment no less favorable than that accorded to like products of Canadian origin.

In addition, Canada's measures appear to nullify or impair the benefits accruing to the United States directly or indirectly under the cited agreements.

Accordingly, the United States respectfully requests pursuant to Article 6 of the DSU that the Dispute Settlement Body establish a panel to examine this matter, with the standard terms of reference as set out in Article 7.1 of the DSU.
