

*Subject to Legal Review in English and French for Accuracy, Clarity and Consistency
Subject to Authentication of English and French Versions*

Dear:

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 New Zealand during the course of negotiation regarding the treatment of New Zealand 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 shall 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 shall 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 shall 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.

Sincerely,

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Dear:

I have the honour to acknowledge receipt of your letter of this date, 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 New Zealand during the course of negotiation regarding the treatment of New Zealand 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 shall 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 shall 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 shall 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.

I have the honour to confirm that the above reflects the understandings reached between the Governments of New Zealand and Canada during the course of negotiations on the Agreement, and that your letter, and this letter in reply, equally valid in French and English, constitute an understanding between our Governments.

Sincerely,