

WORLD TRADE ORGANIZATION

WT/DS87/1

11 June 1997

(97-2412)

Original: English

CHILE - TAXES ON ALCOHOLIC BEVERAGES

Request for Consultations by the European Communities

The following communication, dated 4 June 1997, from the Permanent Delegation of the European Commission to the Permanent Mission of Chile and to the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

My authorities have instructed me to request consultations with Chile under Article 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) regarding the Special Sales Tax on spirits in Chile.

Consultations with Chile on this issue were first held in 1989, but they were interrupted for the Uruguay Round. In 1994, they were restarted on a bilateral basis and Chile gave assurances that the problem would be resolved. Various representations and discussions in 1995 and 1996 failed to resolve the issue.

The European Community has therefore decided to request WTO consultations, since the Chilean Special Sales Tax on Spirits appears to be inconsistent with the Chilean obligations under GATT 1994. In particular, Chile appears to impose a lower tax on Pisco than on certain other like spirits imported from the European Community, thereby infringing Article III:2, first sentence, of GATT 1994. Chile also appears to impose a lower tax on Pisco than on other directly competitive or substitutable spirits imported from the European Community, so as to afford protection to the domestic production of Pisco, thus violating Article III:2, second sentence, of GATT 1994.

I look forward to receiving your reply to this request and to setting a mutually convenient date for the consultations.