

KOREA - TAXES ON ALCOHOLIC BEVERAGES

Request for Consultations by the United States

The following communication, dated 23 May 1997, from the Permanent Mission of the United States to the Permanent Mission of Korea and to the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

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On behalf of the United States, I wish to convey to you a request for consultations with Korea pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes and Article XXII of the General Agreement on Tariffs and Trade 1994 (GATT 1994) concerning Korea's internal taxes on certain alcoholic beverages.

Korea's taxation of alcoholic beverages, including tax treatment set forth in the Liquor Tax Law and the Education Tax Law, appears to be inconsistent with Korea's obligation under Article III:2 of the GATT 1994. In particular, we understand that tax rates on soju are lower than those imposed on distilled spirits imported from the United States.

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