

**EUROPEAN COMMUNITIES - MEASURES AFFECTING DIFFERENTIAL
AND FAVOURABLE TREATMENT OF COFFEE**

Request for Consultations by Brazil

The following communication, dated 7 December 1998, from the Permanent Mission of Brazil to the Permanent Delegation of the European Commission and to the Chairman of the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

Upon instructions from my authorities, I hereby wish to convey the request of the Government of Brazil for consultations with the European Communities (EC), pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), Article XXIII of the General Agreement on Tariffs and Trade 1994 (GATT 1994), and Paragraph 4(b) of the 1979 Decision of the GATT Contracting Parties on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (Enabling Clause), regarding special preferential treatment granted under the EC's Generalized System of Preferences scheme (SGP scheme) that affects the importation into the EC of soluble coffee originating in Brazil.

The special preferential treatment is applicable to products originating in Andean Group countries and Central American Common Market countries that are conducting programs to combat drug production and trafficking. In the case of soluble coffee, this special preferential treatment currently amounts to duty free access into the EC's market.

The current EC legislation which determines the special treatment for soluble coffee originating in Andean and Central American Common Market countries is contained in Council Regulation (EC) No. 1256/96, dated 20 June 1996. Brazil is aware, though, that there is a proposed Council Regulation (COM (1998) 521 final) which would unify all the EC's laws and regulations concerning the operation of the SGP scheme for both agricultural and industrial products, including the above mentioned measures.

This special preferential treatment adversely affects the importation into the EC of soluble coffee originating in Brazil. Brazil is of the view that this special preferential treatment is inconsistent with the obligations of the EC under the Enabling Clause, as incorporated into GATT 1994, and with the obligations of the EC under Article I of GATT 1994. The Government of Brazil is also of the view that the special preferential treatment nullifies or impairs the benefits accruing to Brazil directly or indirectly under the cited provisions.

The Government of Brazil reserves the right to raise additional factual or legal points during the course of consultations.
