

CHILE - TAXES ON ALCOHOLIC BEVERAGES

Request for the Establishment of a Panel by the European Communities

The following communication, dated 3 October 1997, from the Permanent Delegation of the European Commission to the Chairman of the Dispute Settlement Body, is circulated at the request of that delegation.

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The European Communities requested consultations with Chile on 4 June 1997 under Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) and Article XXII:1 of GATT 1994 regarding the Special Sales Tax on Spirits in Chile.

On 3 July 1997, consultations were held between the two parties with a view to reaching a mutually satisfactory solution. Unfortunately, the consultations failed to settle the dispute.

The European Communities hereby request that a panel be established at the next meeting of the Dispute Settlement Body (DSB) pursuant to Article 6 of the DSU and Article XXIII:2 of GATT 1994.

The European Communities claim that Chile, by according a preferential tax treatment, through the Special Sales Tax on Spirits, to Pisco vis-à-vis certain alcoholic beverages falling within HS heading 2208, has acted inconsistently with Article III:2 of GATT 1994, therefore nullifying or impairing the benefits accruing to the European Communities under GATT 1994.

The European Communities request that the Panel be established with standard terms of reference as set out in Article 7 of the DSU.