

TURKEY - TAXATION OF FOREIGN FILM REVENUES

Request for the Establishment of a Panel by the United States

The following communication, dated 9 January 1997, from the Permanent Mission of the United States to the Permanent Mission of Turkey and to the Dispute Settlement Body, is circulated at the request of that delegation.

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Article III of the General Agreement on Tariffs and Trade 1994 ("GATT 1994") prohibits Members of the World Trade Organization ("WTO") from imposing internal taxes or other internal charges of any kind on imported products in excess of those applied, directly or indirectly, to like domestic products. Article III also prohibits the application of internal taxes or other internal charges to imported products so as to afford protection to domestic production.

The Government of Turkey currently imposes a twenty-five per cent municipality tax on box office receipts generated from the showing of foreign-origin films, but imposes no such tax on box office receipts generated from the showing of domestic-origin films. As a result, Turkey's municipality tax regime appears to be inconsistent with Turkey's obligations under the GATT 1994, including Article III of the GATT 1994.

In a communication dated June 12, 1996 (WT/DS43/1), the United States requested consultations with Turkey pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU") and Article XXII of the GATT 1994. Consultations were held on July 23, 1996, but did not result in a resolution of the dispute.

Accordingly, the United States respectfully requests the establishment of a panel to examine this matter in light of the GATT 1994, and to find that Turkey's tax regime fails to conform to the obligations in Article III of the GATT 1994, and nullifies or impairs benefits accruing directly or indirectly to the United States under the GATT 1994.

The United States asks that this request be placed on the agenda for the meeting of the Dispute Settlement Body scheduled to be held on January 22, 1997, and that the panel be established with standard terms of reference as set out in Article 7 of the DSU.