

KOREA - TAXES ON ALCOHOLIC BEVERAGES

Request for the Establishment of a Panel by the European Communities

The following communication, dated 10 September 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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On 9 April 1997, the European Communities requested consultations with Korea under Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) and Article XXII:1 of the General Agreement on Tariffs and Trade 1994 (GATT 1994) with regard to the internal taxes imposed by Korea on alcoholic beverages falling within HS heading 2208 pursuant to the Liquor Tax Law and the Education Tax Law (WT/DS75/1).

The European Communities and Korea held consultations in Geneva on 29 May 1997 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 Korea, by according a preferential tax treatment, through the Liquor Tax Law and the Education Tax Law, to soju vis-à-vis certain alcoholic beverages falling with 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 the 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.