

UNITED KINGDOM - CUSTOMS CLASSIFICATION
OF CERTAIN COMPUTER EQUIPMENT

Request for the Establishment of a Panel by the United States

The following communication, dated 7 March 1997, from the Permanent Mission of the United States to the Chairman of the Dispute Settlement Body, is circulated at the request of that delegation.

In the applicable schedule of tariff concessions under the GATT 1994 ("EC Schedules"), the Government of the United Kingdom has agreed to a bound tariff rate for automatic data processing (ADP) equipment and units under category 8471. Prior to 1995, imports into the United Kingdom of local area network ("LAN") equipment and all types of personal computers (PCs) were treated as ADP equipment dutiable under category 8471.

Since 1995, customs authorities in the United Kingdom have been applying tariffs to imports of various types of LAN equipment and to multimedia PCs and parts in excess of those provided for in the EC schedules. These increases have resulted from the reclassification of LAN equipment from the ADP category, 8471, to category 8517, "telecommunications apparatus", and from the reclassification of PCs with multimedia capability from category 8471 to other categories with higher duty rates. For example, PCs that have a CD-ROM drive have been reclassified to be dutiable under category 8521, "video apparatus", and PCs that have video tuner cards or printed circuit boards allowing television capability have been reclassified to be dutiable under category 8528, "televisions".

The United States considers that, by reason of these measures, the United Kingdom has increased duties on these products above the bound rates, and has afforded the commerce of the United States treatment less favourable than that provided for in the EC schedules, in contravention of the obligations of the United Kingdom under Article II of the GATT 1994. In addition, the application of these measures by the United Kingdom nullifies or impairs, within the meaning of GATT Article XXIII:1, benefits accruing to the United States directly or indirectly under the GATT 1994.

In a communication dated 14 February 1997 (WT/DS67/1), the Government of the United States requested consultations with the Government of the United Kingdom regarding these measures pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU") and Article XXII:1 of the GATT 1994. On 24 February 1997, the United Kingdom responded by referring the United States to a letter of the same date, in which the European Communities officially informed the United States that the requested consultations will not be entered into. The Government of the United Kingdom having declined to enter into consultations and the parties thereby having reached the mutual understanding that no consultations will be held, the United States is proceeding directly to request the establishment of a panel under Article 4.3 of the DSU.

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Accordingly, the United States respectfully requests the establishment of a panel to examine the measures taken by the United Kingdom, with standard terms of reference as set out in Article 7 of the DSU.

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 20 March 1997.