

WORLD TRADE ORGANIZATION

RESTRICTED

WT/DS10/5

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JAPAN - TAXES ON ALCOHOLIC BEVERAGES

Request for the Establishment of a Panel by Canada

The following communication, dated 14 September 1995, from the Permanent Mission of Canada to the Chairman of the Dispute Settlement Body is circulated at the request of that delegation.

On 7 July 1995 the Government of Canada requested consultations with the Government of Japan concerning tax rates levied pursuant to the Japanese Liquor Tax Law on certain domestic and imported alcoholic beverages. In accordance with Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), that request was circulated to members of the World Trade Organization on 17 July 1995 (WT/DS10/1).

The Government of Canada requested consultations with a view to gaining the full benefit of the conditions of competition that the Japanese Liquor Tax Law nullifies and impairs by imposing higher rates of taxation on imported alcoholic beverages including whiskies, brandies, other distilled alcoholic beverages and liqueurs than on Japanese shochu. The products concerned fall within HS 2208.30 ("whiskies"), HS 2208.40 ("rum and tafia"), HS 2208.90 ("other" including fruit brandies, vodka, ouzo, korn, cream liqueurs and "classic" liqueurs).

Canada and Japan held consultations in Geneva on 20 July 1995 with a view to reaching a satisfactory resolution of the matter. Unfortunately, the consultations failed to settle the dispute and further consultations are not likely to resolve the matter.

Pursuant to Article XXIII of GATT 1994 and Articles 4 and 6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), Canada hereby requests that a panel be established at the next meeting of the Dispute Settlement Body scheduled for 27 September 1995.

Canada requests that the Panel consider and find that the rates of taxation imposed pursuant to the Japanese Liquor Tax Law are:

- a) inconsistent with Article III:1 and III:2 of GATT 1994;
- b) nullifying and impairing the benefits accruing to Canada pursuant to the WTO.

Canada requests that the Panel be established with the standard terms of reference as set out in Article 7 of the DSU. Canada further requests that this request for the establishment of a Panel be inscribed on the agenda of the meeting of the DSB on 27 September 1995.