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UNITED KINGDOM - CUSTOMS CLASSIFICATION  
OF CERTAIN COMPUTER EQUIPMENT

Request for Consultations by the United States

The following communication, dated 14 February 1997, from the Permanent Mission of the United States to the Permanent Mission of the United Kingdom and to the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

My authorities have instructed me to request consultations with the Government of the United Kingdom pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes and Article XXII of the General Agreement on Tariffs and Trade 1994 ("GATT 1994") regarding tariff reclassification by the customs authorities of the United Kingdom of Local Area Network ("LAN") equipment and personal computers ("PCs") with multimedia capability.

Since June 1995, customs authorities in the United Kingdom have been applying tariffs to imports of LAN equipment in excess of those provided for in the European Communities' Schedules ("EC Schedules") under the GATT 1994. Those products were previously dutiable as automatic data processing equipment under category 8471, but, as a result of the customs authorities' actions, are now subject to the higher tariff rates applicable to category 8517, "telecommunications apparatus". The result has been to raise the tariff applied to imports of such products into the United Kingdom from 3.5 per cent to 7.5 per cent, which is above the rate provided for in the EC Schedules.

In addition, since 1995, customs authorities in the United Kingdom have increased tariffs on imports of certain personal computers from 3.5 per cent to 14 per cent, which is above the rate provided for in the EC Schedules. These increases have resulted 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".

As a result of these measures, the United States considers that its commerce has been accorded 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. The United States reserves the right to raise additional factual claims and legal matters during the course of the consultations.

We look forward to receiving your reply to this request and fixing a mutually convenient time for consultations.