

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/6123

23 January 1987

Limited Distribution

Original: French

UNITED STATES - TAX ON IMPORTED PETROLEUM AND PETROLEUM PRODUCTS

Recourse to Article XXIII:2 by the European Communities

The following communication, dated 22 January 1987, has been received by the secretariat from the Permanent Delegation of the Commission of the European Communities.

The European Communities wish, in application of Article XXIII, paragraph 2, of the General Agreement, to refer to the CONTRACTING PARTIES the question of internal taxes on petroleum, petroleum products and chemical by-products that are the subject of certain provisions of the United States Superfund Amendments and Reauthorization Act of 1986.

Under this Act, the Government of the United States has, since January 1987, imposed a tax of 8.2 cents per barrel on crude petroleum produced in the United States and tax of 11.7 cents per barrel on imported crude petroleum and petroleum products.

The European Communities consider that the discrimination inherent in the level of this tax to the detriment of products imported into the United States constitutes a violation of the provisions of the General Agreement and, specifically, of its Article III.

Furthermore, this Act provides for the imposition of a tax, from 1 January 1989, on imported chemical by-products in an amount equivalent to that applied to raw materials of United States origin (2 per cent) or, if the importer fails to provide adequate information, of a tax corresponding to 5 per cent of the estimated value. The Communities understand that the United States Treasury Department is to submit a study on the applicability of this tax on imported chemical by-products to Congress before January 1988. Quite apart from the "polluter must pay" principle, the Communities consider that the imposition of this tax would be contrary to the provisions of the General Agreement, and specifically its Article III.

These provisions of the Act which are prejudicial to the EEC's exports of the products concerned to the United States market have been the subject of recent consultations with the United States under Article XXII, paragraph 1. These consultations failed to achieve a satisfactory settlement of the question.

Consequently, the European Communities request the Council of Representatives, at its meeting of 4 February, to set up a panel to examine this question.