

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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UNITED STATES - LEGISLATION CONCERNING THE USE OF IMPORTED
TOBACCO BY DOMESTIC CIGARETTE MANUFACTURERS

Request for Consultations
under Article XXIII:1 by the European Community

The following communication, dated 30 September 1993, sent by the Permanent Delegation of the Commission of the European Communities in Geneva to the Office of the United States Trade Representative in Geneva, is circulated in accordance with paragraph C.3 of the CONTRACTING PARTIES's Decision on Improvements to the GATT Dispute Settlement Rules and Procedures (BISD 36S/62).

In accordance with Article XXIII:1 of the General Agreement on Tariffs and Trade, the European Community requests consultations with the United States with respect to Section 1106 (Tobacco Program) of the Omnibus Budget Reconciliation Act 1993, signed by the President of the US Congress on 10 August 1993.

On 14 July 1993, the Community, through a demarche to the US Administration, voiced its concerns about the compatibility of the proposed amendments to the Tobacco Program with the General Agreement. The provisions at issue have since been enacted.

The European Community considers, *inter alia*, that the provision of the Tobacco Program requiring a minimum content of 75 per cent US-produced tobacco in cigarettes manufactured in the United States infringes the provisions of the General Agreement and, in particular, Article III.

In addition, the European Community would like to have more information about the implementation of the taxes and fees referred to in the above amendments to the Tobacco Program.

The European Community further considers that the above-mentioned provisions will significantly affect its exports of tobacco to the United States.

The European Community therefore requests of the United States to hold these consultations as soon as possible, in accordance with the 1989 Decision on Improvements to the GATT Dispute Settlement Rules and Procedures (BISD 36S/61).