

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## JAPAN - CUSTOMS, DUTIES, TAXES AND LABELLING PRACTICES ON IMPORTED WINES AND ALCOHOLIC BEVERAGES

### Recourse by the European Communities to Article XXIII:2

The following communication, dated 31 October 1986, has been received from the Permanent Delegation of the European Communities.

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On 4 August 1986 the European Economic Community and Japan held consultations under Article XXII of the General Agreement concerning the obstacles to the import of wines and alcoholic beverages to the Japanese market. These consultations followed repeated representations by the Community to the Japanese authorities made with a view to finding solutions to the problems encountered by Community exports of wines and alcoholic beverages. These difficulties relate in particular to the very high customs duties, the Japanese system of taxing these products and the unfair labelling practices engaged in by domestic producers.

As the consultations conducted under Article XXII have not resulted in a satisfactory settlement, the Community wishes to refer the question to the CONTRACTING PARTIES in accordance with the provisions of Article XXIII, paragraph 2.

The Community considers that benefits accruing to it under the General Agreement are being nullified or impaired by a combination of obstacles encountered by its exports of wines and alcoholic beverages to the Japanese market.

More precisely, the Community takes into consideration the following points:

- (a) The Japanese system of taxation is discriminatory with regard to imported alcoholic beverages in contravention of the provisions of Article III:1 and 2. The discrimination is due to:
- the absence of uniformity in the Japanese system of taxing alcoholic beverages, which is characterized by a differing tax-assessment bases depending on established product-categories and which amounts to penalizing imported products vis-à-vis domestic producers;

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- the application of surprisingly different rates for similar products, based on a classification which results in a distinctly heavier levy on imported products than on domestic products;
  - practices of the Japanese administration aimed at subjecting imported products to the highest taxation;
  - the aggravating impact of extremely high customs duties.
- (b) Wines and alcoholic beverages imported into Japan do not enjoy adequate protection as regards marks of origin. Bearing in mind the provisions of Article IX:6 and the many representations made to the Japanese authorities on the matter, the Community considers that Japan has not fulfilled its obligations, in terms of those provisions, to co-operate with a view to preventing trademarks of wines and alcoholic beverages originating in the Community from being used, under current practices in Japan, in such manner as to misrepresent the true origin of the products.

The Community therefore requests that a panel be established to examine the question. In view of the magnitude of the injury being sustained and the urgency of obtaining a settlement, it asks the CONTRACTING PARTIES to apply the procedure provided for in paragraph 20 of the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance of 28 November 1979 (BISD S26/214) by calling upon the panel to deliver its findings within the three-month period mentioned therein.