MULTILATERAL TRADE NEGOTIATIONS THE URUGUAY ROUND

RESTRICTED

MTN.SB/SN/22/Rev.1
27 June 1991

Special Distribution

Surveillance Body

Original: Spanish

STANDSTILL

Notification

1. Participant notifying: Brazil, Colombia, Costa Rica, Cuba El Salvador, Guatemala, Honduras, Nicaragua, Peru and Venezuela

2. Participant maintaining the measure: Italy

3. Description of the measure (including date of entry into force and reference to any relevant legislation or other document):

Substantial increase in selective internal taxes on coffee, cocoa and products thereof.

The measure was established by a Decree of the Council of Ministers of the Italian government, dated 31 December 1990, entitled "Imposti di Consumo su Caffe e cacao", published in the Official Gazette of 31 December 1990, with effect as of 1 January 1991. See Annex 1.

It should be noted that the selective internal taxes have increased by 400 per cent in respect of green coffee, and 700 per cent in respect of unroasted cocoa. Furthermore, their ad valorem incidence increased from 15 per cent in 1989 to 62 per cent in 1991 in respect of green coffee; and from 7 per cent in 1989 to 59 per cent in 1991 in respect of cocoa beans. See Annex 3.

4. Products covered, including tariff headings (CCCN where applicable, otherwise national tariff lines):

See Annex 2.

5. Country or countries to which the measure applies:

All developing countries exporting coffee, cocoa and products thereof.

GATT SECRETARIAT
UR-91-0066

6. Relevance of the measure to the standstill commitment:

Paragraphs (ii) and (iii).

7. Comments by the participant maintaining the measure:

- the increase of the value of the specific internal taxes on coffee and cacao in Italy have been made within the general regulations applicable in Italy for the adjustment of specific taxes to the relevant price indices, to guarantee the ad valorem incidence of a specific tax;

- the adjustment has in fact been made to a lesser extent than justified by the development of the relevant price indices;

- neither the adjustment as such, nor its incidence therefore is in any way inconsistent with the European Community's standstill commitment.

ANNEX 1

CONSUMPTION TAX ON COFFEE AND COCOA

	Up to 31.12.90 Lire/Kg.	From 1.1.91 Lire/Kg.
COFFEE		
Raw	500	2,050
Roasted, whether or not ground	625	2,562.50
Raw, decaffeinated	525	2,152.50
Roasted, decaffeinated	656.50	2,260.125
Instant	1,500	6,150
COCOA		
Cocoa beans, not roasted	180	1,260
Beans, roasted, not shelled	200	1,400
Beans, roasted, shelled, broken	225	1,575
Hulks and waste	0	1,280
Paste	225	1,575
Powder	225	1,575
Defatted powder (less than 1 per cent fat)	170	1,190
Butter	280	1,960

ANNEX 2

PRODUCTS AFFECTED, INDICATING TARIFF HEADINGS

	COFFEE
0901.11	Not roasted
0901.21	Roasted
0901.12	Not roasted, decaffeinated
0901.22	Roasted, decaffeinated
2101.10	Instant coffee
	COCOA
1801.00	Cocoa beans, raw Cocoa beans roasted, not shelled Cocoa beans, roasted, shelled, broken
1802.00	Shells, husks, and waste
1803.10.20	Cocoa paste Cocoa powder
1805.00	Cocoa powder, defatted (less than 1 per cent fat)
1804.0	Cocoa butter

ANNEX 3

INCIDENCE OF TAX ON COFFEE AND COCOA BEANS

	Incidences of previous tax rates						New Rates
	1969	1971	1975	1979	1985	1989	1991
Coffee beans	109%	97%	60%	17%	10%	15%	62%
Cocoa beans	31%	42%	17%	6%	4%	7%	59%