

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.SB/SN/22/Rev.1/Add.1

1 July 1991

Special Distribution

Surveillance Body

Original: Spanish

STANDSTILL

Notification

Addendum

The following communication has been received from the delegations of Brazil, Colombia, Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Peru and Venezuela with a request that it be circulated to contracting parties.

Statement by the Delegations of Brazil, Colombia, Costa Rica,
Cuba, El Salvador, Guatemala, Honduras, Mexico,
Nicaragua, Peru and Venezuela

By a Decree of the Council of Ministers dated 21 December 1990 and published in the Official Gazette of 31 December 1990, the Government of Italy increased the consumption tax on coffee and cocoa.

This measure entered into force on 1 January 1991, and is of general application for all countries exporting those products.

The products concerned by this measure are the following:

HS

0901.11
0901.21
0901.12
0901.22
2101.10

COFFEE

Raw
Roasted
Raw, decaffeinated
Roasted, decaffeinated
Instant

COCOA

1801.00
Cocoa beans, raw
Beans, roasted, not shelled
Beans, roasted,
shelled, broken

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1802.00	Shells, husks and waste
1803.10.20	Cocoa paste
18.05.00	Cocoa powder, defatted (less than 1% fat)
18.04.00	Cocoa butter

The increase amounted to 400 per cent in the case of coffee and 700 per cent in the case of cocoa. These taxes have an ad valorem equivalent of 61.5 per cent for raw coffee and 58.5 per cent for cocoa beans.

At the end of the Tokyo Round, in 1979, some EEC member countries made statements on their policy with respect to the application of internal taxes on tropical products (document MYN/TP(Secret)/2/Rev.3).

In the case of Italy, the statement reads: "The Government of Italy, underlining the link with current economic policy in the present situation of that country, indicates that it will take this problem into consideration in a sympathetic manner."

In the GATT Ministerial Declaration on the Uruguay Round in 1986, with regard to standstill, member countries undertook inter alia: "... not to take any trade-restrictive or distorting measure in the legitimate exercise of [their] GATT rights, that would go beyond that which is necessary to remedy specific situations as provided for in the General Agreement ...".

With regard to tropical products, the Ministerial Declaration also establishes that "negotiations shall aim at the fullest liberalization of trade in tropical products, including in their processed and semi-processed forms, and shall cover both tariff and all non-tariff measures affecting trade in these products. The CONTRACTING PARTIES recognize the importance of trade in tropical products to a large number of less-developed contracting parties and agree that negotiations in this area shall receive special attention ...".

Bearing in mind that Italy produces neither coffee nor cocoa, the taxes in question are a direct restriction on imports of these tropical products originating in developing countries.

Consequently, the increase, moreover the excessive increase, in selective taxes on coffee and coffee products and cocoa and cocoa products constitutes a breach of the standstill commitment of the Punta del Este Declaration entered into by all GATT member countries. In addition, this measure is not in keeping with the agreed negotiating objectives of the Negotiating Group on Tropical Products as set out in the Ministerial Declaration.