

# WORLD TRADE ORGANIZATION

RESTRICTED

**WT/DS11/2**

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## JAPAN - TAXES ON ALCOHOLIC BEVERAGES

### Request for the Establishment of a Panel by Canada

The following communication, dated 14 September 1995, from the Office of the United States Trade Representative to the Chairman of the Dispute Settlement Body is circulated at the request of that delegation.

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On 7 July 1995, the United States Government requested consultations with the Government of Japan under Article XXIII:1 of the GATT 1994 and Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) regarding internal taxes imposed by Japan on shochu and all other distilled spirits and liqueurs falling within HS heading 2208, pursuant to the Liquor Tax Law. In accordance with Article 4 of the DSU, that request was circulated to the Members on 17 July 1995 (WT/DS11/1).

The United States and Japan held consultations on 21 July 1995 in Geneva with a view to reaching a satisfactory solution of the matter. These consultations failed to resolve the dispute. Pursuant to Article XXIII:2 of GATT 1994 and Articles 4 and 6 of the DSU, the United States hereby requests that a panel be established at the next meeting of the Dispute Settlement Body.

In the view of the United States, the internal taxes imposed by Japan on these beverages, and in particular the preferential tax treatment accorded to shochu, are inconsistent with Article III of GATT 1994, and otherwise nullify and impair benefits accruing to the United States under the GATT 1994. The United States requests that the panel be established with standard terms of reference as set out in Article 7 of the DSU.