

EUROPEAN COMMUNITIES – MEASURES AFFECTING SOLUBLE COFFEE

Request for Consultations by Brazil

The following communication, dated 12 October 2000, from the Permanent Mission of Brazil to the Permanent Delegation of the European Commission and to the Chairman of the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

Upon instructions from my authorities, and pursuant to:

- Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU);
- Article XXIII of the General Agreement on Tariffs and Trade 1994 (GATT 1994); and
- Paragraph 4(b) of the 1979 Decision of the GATT Contracting Parties on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (Enabling Clause).

I hereby wish to convey the request of the Government of Brazil for consultations with the European Communities (EC), regarding measures applied under the EC's Generalized System of Preferences scheme (GSP) that affect imports of soluble coffee originating in Brazil.

The measures in question include the "graduation" mechanism, which progressively and selectively reduces or eliminates preferences granted to specific products and/or beneficiary countries under the GSP scheme. In the case of Brazilian soluble coffee, preferential treatment has been progressively reduced and finally eliminated on 1 January 1999.

The measures also include the so-called "drugs regime", which confers a special preferential treatment for products originating in the Andean and Central American Common Market countries that are conducting a campaign to combat drugs. In the case of soluble coffee, this special preferential treatment currently amounts to duty free access of exports originated in those countries into the EC's market.

As Brazil currently understands, the EC legislation that establishes the special treatment for certain products – among which soluble coffee – is Council Regulation (EC) No. 1256/96, dated 20 June 1996, and current Council Regulation (EC) No. 2820/98, dated 21 December 1998.

The above-mentioned measures, both separately and jointly, adversely affect the importation into the EC of soluble coffee originating in Brazil. Brazil is of the view that these measures are inconsistent with the obligations of the EC under the Enabling Clause, as incorporated into GATT 1994, and under Article I of GATT 1994. The Government of Brazil is also of the view that

these measures nullify or impair the benefits accruing to Brazil directly or indirectly under the cited provisions.

The Government of Brazil reserves the right to raise additional factual or legal points related to the EC's GSP scheme during the course of consultations.
