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Page: 1/2

Committee on Market Access

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COMMITTEE ON MARKET ACCESS

QUESTIONS FROM THE EUROPEAN UNION, JAPAN, SWITZERLAND, AND THE UNITED STATES TO THE KINGDOM OF SAUDI ARABIA, KINGDOM OF BAHRAIN, THE UNITED ARAB EMIRATES, THE STATE OF KUWAIT, OMAN, AND QATAR ON THE SELECTIVE TAX ON CERTAIN IMPORTED PRODUCTS

The following communication, dated 12 April 2021, is being circulated at the request of the delegations of the European Union, Japan, Switzerland, and the United States.

The European Union, Japan, Switzerland, and the United States have raised concerns with the transparency and application of the selective tax on carbonated soft drinks, malt beverages, energy drinks, sports drinks, and other sweetened beverages with officials from member State governments of the Cooperation Council for the Arab States of the Gulf (GCC) since they agreed in 2016 to introduce such a tax. We submit the following questions and request written responses from each of the GCC member State governments regarding their implementation of the selective tax:

- Do the GCC Member State governments have an updated timeline on the study currently underway on a new excise tax model and its implementation plan under the GCC Unified Excise Tax Agreement?
- At what point in that process will GCC Member State governments provide opportunities for discussion and input on possible outcomes and suggested revisions from private industry, trading partner governments, and other interested parties in advance of any final decisions?
- Will each individual GCC member State government consult with private industry, trading partner governments, and other interested parties on possible outcomes and suggested revisions to the current tax regime through their own formal mechanisms, or will there be a coordinated consultation process involving all GCC member State governments as a group?
- We note differences among the GCC Member State governments in their implementation of the selective tax – will any amendments to the Unified Excise Tax Treaty for the GCC address the issue of consistent implementation?
- We understand that study may include a review by GCC Member State governments of the “legal definition” of different types of beverages – we look forward to additional detail on this aspect.
- We also look forward to additional detail on the possible scope of coverage, including whether the selective tax will:
 - Be applied to all beverages in which the total sugar content – from either naturally occurring and/or added sugars – exceeds a minimum threshold, including fruit juices and milk-based products;

- Exempt from the selective tax those beverages with no added sugar and low caloric beverages; and
 - Harmonize and apply the same tax rate to all beverages subject to the tax for energy drinks and other beverages currently covered that have similar amounts of sugar.
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