The Commission of the European Communities has requested the Secretariat to circulate to the contracting parties for their information the following letter sent by the Commission on 30 October 1986 to the Office of the United States' Trade Representative in Geneva.

I have been instructed by my authorities to notify you of the wish of the European Community to initiate consultations under GATT Article XXII/1 with the United States in respect of certain provisions of the "Superfund Amendments and Reauthorization Act of 1986", in particular the following: The Act provides inter alia for an increased tax on petroleum with a differential between 8.2 cents per barrel for domestic oil and 11.7 cents per barrel on imported petroleum products. This tax differential discriminates against imported products and is therefore contrary to the principle of national treatment, as laid down in Article III of the General Agreement on Tariffs and Trade.

The Act also provides for a tax on imported chemical derivatives equivalent to the tax on domestic feedstocks, or, if the importer does not furnish sufficient information, a tax of five percent of the appraised value. This tax raises questions of compatibility with the "polluter pays" principle; it might also cause administrative problems and delays and might even result in a breach of confidentiality. The European Community considers it necessary to clarify these aspects.

It is the wish of the European Community that these consultations be started as soon as possible.