UNITED STATES - TAX ON PETROLEUM AND PETROLEUM PRODUCTS
(SUPERFUND REAUTHORIZATION AND AMENDMENTS ACT)

Recourse by Mexico to Article XXIII:1

Communication from Mexico

The Permanent Mission of Mexico has requested that the following communication, which is the text of a letter dated 10 November 1986 from the Permanent Mission of Mexico to the Office of the United States Trade Representative in Geneva, be circulated to contracting parties.
In accordance with instructions just received from my Government, and pursuant to Article XXIII:1 of the General Agreement, I am writing to propose that consultations be initiated with your Government regarding the consequence for Mexico's exports of petroleum and petroleum products of the application of a tax, at the rate of 11.7 cents per barrel, recently approved by Congress and ratified by the Executive of the United States of America.

This request by my Government is based, inter alia, on the following elements:

1. The tax applied on petroleum and petroleum products is in breach of Article III:1 and 2 of the General Agreement.

2. The incidence on the products subject to the tax is greater in the case of imports than in that of domestic products, so that it has a protective effect which is contrary to Article III:1 of the General Agreement. Furthermore, the measure adopted is inconsistent with the standstill commitment taken on at the Ministerial meeting of Punta del Este.

3. The differentiation between the tax on imported products and that on domestic products is in breach of Article III:2 of the General Agreement.

4. As a contracting party, Mexico expects that products imported from Mexico by any other contracting party will not be the subject of internal charges higher than those applied on like domestic products, since the contrary would cause impairment of benefit for products exported by Mexico - in this particular case, petroleum and petroleum products.