

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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Committee on Government Procurement

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REQUEST FOR INITIATION OF DISPUTE SETTLEMENT
PROCEDURES UNDER ARTICLE VII:6 OF THE AGREEMENT

Communication, dated 30 June 1982, from the United States with respect to the European Communities' treatment of value-added taxes.

Pursuant to the provisions of paragraph 6 of Article VII of the Agreement on Government Procurement, the United States Government requests a meeting of the Committee for the purpose of investigating the matter of the European Communities' practice of excluding the value-added tax (VAT) from the contract price of EC member State government purchases in relation to the determination of whether such purchases fall under the Agreement. The United States believes that the exclusion by the EC of the VAT from the contract price for such threshold determinations is inconsistent with the EC's obligations under the Agreement, particularly the obligations of Article I; arbitrarily and unilaterally raises the threshold level of the Agreement for EC government purchases; and, therefore, nullifies and impairs benefits accruing to the United States under this Agreement.

As the Parties to the Agreement are aware, this issue has for some time been the subject of discussion, both in previous meetings of the Committee and in bilateral consultations between the United States and the European Communities under paragraphs 3 and 4 of Article VII. Bilateral consultations under paragraph 4 have not resulted in a mutually satisfactory solution to the dispute. Moreover, it has become clear to the United States that further bilateral consultations are unlikely to resolve the dispute. It is the hope of the United States that a mutually satisfactory solution will be facilitated through the good offices of the Committee.

The United States suggests that the requested meeting of the Committee be held during the week of 5 July 1982.