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CHINA – DOMESTIC SUPPORT FOR AGRICULTURAL PRODUCERS

RECOURSE TO ARTICLE 22.2 OF THE DSU BY THE UNITED STATES

The following communication, dated 16 July 2020, from the delegation of the United States to the Chairperson of the Dispute Settlement Body, is circulated pursuant to Article 22.2 of the DSU.

The United States considers that China has failed to implement the recommendations of the Dispute Settlement Body ("DSB") in the dispute *China – Domestic Support for Agricultural Producers* (DS511). Pursuant to Article 22.2 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes* ("DSU"), the United States requests authorization from the DSB to suspend concessions or other obligations with respect to China at an annual level based on the level of the nullification or impairment of benefits accruing to the United States under the covered agreements from the failure of China to implement the recommendations of the DSB. Based on a preliminary analysis of available data for certain products, this level is provisionally estimated at approximately \$1.3 billion for 2020. The United States will update this figure annually.

On April 26, 2019, the DSB adopted the panel report contained in WT/DS511/R, finding that China provided domestic support to agricultural producers in excess of its Aggregate Measure of Support (AMS) commitments under the *Agreement on Agriculture*. Accordingly, the DSB recommended that China bring its inconsistent measures into conformity with its obligations under the *Agreement on Agriculture*.

The United States and China agreed that the reasonable period of time for China to implement the DSB's recommendations would expire on June 30, 2020. In the view of the United States, China failed to bring its measures into compliance with its WTO obligations within that period. The parties have not reached agreement on compensation. Therefore, the United States is entitled to authorization by the DSB to take countermeasures under Article 22 of the DSU.

In considering what countermeasures to take, the United States follows the principles and procedures set forth in Article 22.3 of the DSU. The countermeasures would include suspension of concessions or other obligations (including most-favored-nation obligations) under the *General Agreement on Tariffs and Trade 1994* or other agreements listed in Annex 1A of the WTO Agreement on a list of products of China to be drawn from the Harmonized Tariff Schedule of the United States.

We request that you circulate this request to the Members of the DSB.
