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Dispute Settlement Body 27 February 2013

MINUTES OF MEETING

HELD IN THE CENTRE WILLIAM RAPPARD ON 27 FEBRUARY 2013

Chairman: Mr. Shahid Bashir (Pakistan)

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1 SURVEILLANCE OF IMPLEMENTATION OF RECOMMENDATIONS ADOPTED BY THE DSB

- A. United States Section 211 Omnibus Appropriations Act of 1998: Status report by the United States (WT/DS176/11/Add.123)
- B. United States Anti-dumping measures on certain hot-rolled steel products from Japan: Status report by the United States (WT/DS184/15/Add.123)
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- H. United States Measures affecting the production and sale of clove cigarettes: Status report by the United States (WT/DS406/11/Add.2)
- I. United States Anti-dumping measures on certain shrimp and diamond sawblades from China: Status report by the United States (WT/DS422/8)
- 1.1. The <u>Chairman</u> recalled that Article 21.6 of the DSU required that unless the DSB decided otherwise, the issue of implementation of the recommendations or rulings shall be placed on the Agenda of the DSB meeting after six months following the date of establishment of the reasonable period of time and shall remain on the DSB's Agenda until the issue was resolved. He proposed that the nine sub-items under Agenda item 1 be considered separately.

A. United States – Section 211 Omnibus Appropriations Act of 1998: Status report by the United States (WT/DS176/11/Add.123)

- 1.2. The <u>Chairman</u> drew attention to document WT/DS176/11/Add.123, which contained the status report by the United States on progress in the implementation of the DSB's recommendations in the case concerning US Section 211 Omnibus Appropriations Act of 1998.
- 1.3. The representative of the <u>United States</u> said that his country had provided a status report in this dispute on 14 February 2013, in accordance with Article 21.6 of the DSU. Legislation had been introduced in the current Congress to implement the recommendations and rulings of the DSB. The US Administration would continue to work on solutions to implement the DSB's recommendations and rulings.
- 1.4. The representative of the <u>European Union</u> said that the EU thanked the United States for its most recent status report and the statement made at the present meeting. The EU hoped that the US authorities would very soon take steps towards implementing the DSB's ruling and resolve this matter.
- 1.5. The representative of <u>Cuba</u> said that this dispute had been under the DSB's surveillance for a long period of time, which was contrary to the requirement for prompt compliance stipulated in Article 21 of the DSU. Cuba regretted that this was one of the longest disputes of non-compliance under the WTO. Cuba noted that 2 February 2013 marked 11 years since the WTO had ruled on the inconsistency of Section 211 with the TRIPS Agreement and the Paris Convention. However, the United States still had not taken any action to implement the DSB's recommendations and rulings. As a result of the lack of progress on the part of the United States and the EU towards finding an effective solution, this dispute was going on for as long as the Doha Round negotiations.

Cuba considered that the continued situation of non-compliance with the DSB's rulings was not acceptable. Every month, a number of Members had expressed concerns about the lack of compliance in this dispute, which affected the interests of a developing-country Member. In addition, Members had expressed their concerns about the systemic implications of non-compliance with the DSB's recommendations and rulings. However, neither of the parties concerned had shown the will to resolve this dispute. As had been found in February 2002, Section 211 established provisions that transgressed fundamental rules of international law. Section 211 reflected the US policy of anti-Cuban hostility and was one of the many regulations underpinning the economic, commercial and financial blockade against Cuba. The US position affected not only the interests of Cuban companies, but also the interests of other Members, as in the case of the French company Pernod Ricard.

- 1.6. Cuba noted that the unilateral policies applied by the United States against Cuba had been denounced at various international forums. At the recently concluded Summit of the Community of Latin American and Caribbean States (CELAC), which had been attended by 33 countries from that region, and the EU, both regional blocs had adopted the "Santiago Declaration" on 28 January 2013. Among its main agreements, the Declaration stated that the US embargo against Cuba "poses a serious threat to multilateralism". The conclusions supported by the members of CELAC and the EU bore witness to their firm rejection of "all coercive measures of unilateral character with extraterritorial effect that are contrary to international law and the commonly accepted rules of free trade". Moreover, the document included a paragraph referring to the resolution: "Necessity of Ending the Economic, Commercial and Financial Embargo Imposed by the United States of America Against Cuba" that had been adopted, for the 21st consecutive year, on 13 November 2012 at the UN General Assembly (A/RES/67/4), with 188 votes in favour. It also reaffirmed the positions that had been taken against "the application of the extra-territorial provisions of the Helms-Burton Act", a US legal instrument that allowed the embargo against Cuba to continue. No country could ignore the demands of the international community and the rules of international law. The US behaviour was a demonstration of blatant disrespect for the WTO's rules-based system. Cuba requested that this dispute be resolved without further delay, through the repeal of Section 211, as this was the only way to settle this dispute. Cuba thanked those Members who, at every DSB meeting held once a month, spoke in favour of resolving this dispute, as well as those who had voted annually in the UN General Assembly in order to end the embargo. Cuba also thanked its Latin American and Caribbean partners who, as CELAC, had requested that the final document of the Summit with the EU should express their position regarding the issue of discrimination against Cuba.
- 1.7. The representative of <u>Brazil</u> said that his country thanked the United States for its status report on the implementation of the DSB's recommendations in this dispute. Brazil noted that, once again, the United States reported lack of progress in this dispute. Brazil remained concerned about this situation of non-compliance with the DSB's recommendations and urged the United States to bring its measures into conformity with WTO rules.
- 1.8. The representative of <u>Ecuador</u> said that his country supported the statement made by Cuba at the present meeting. Ecuador stressed, once again, that Article 21 of the DSU specifically referred to prompt compliance with the DSB's recommendations and rulings, in particular since the interests of a developing-country Member were affected. Ecuador hoped that the United States would step up its efforts in order to promptly comply with the DSB's recommendations and rulings by repealing Section 211. In Ecuador's view, the non-compliance with the DSB's recommendations and rulings in this dispute, which had lasted for a long period of time, demonstrated that the WTO dispute settlement system had a major shortcoming.
- 1.9. The representative of the <u>Plurinational State of Bolivia</u> said that, for the past 11 years, the United States had not reported on any progress in this dispute. Bolivia, once again, reiterated its systemic concerns about the US non-compliance with the DSB's recommendations and rulings. Bolivia was also concerned about the lack of political will on the part of the United States to comply. This situation of non-compliance undermined the credibility of the multilateral trading system and caused harm to a developing-country Member. Bolivia called on the United States to comply with the DSB's recommendations and rulings and to take steps to remove the restrictions imposed under Section 211. Bolivia supported the concerns expressed by Cuba at the present meeting.

- 1.10. The representative of the Bolivarian Republic of Venezuela said that her country regretted that, for many years, there had been no progress in this dispute. Venezuela regretted that it had to make the same statement at each regular DSB meeting to express its concerns about the lack of implementation in this dispute. Venezuela had no choice, given that the most recent US status report contained the same information as the previous status reports submitted by the United States. Venezuela supported Cuba's statement to the effect that, despite the Appellate Body's ruling more than a decade ago, the United States continued to maintain Section 211, the purpose of which was to usurp the well-known Cuban trademark, the Havana Club. This was part of the North American embargo to which the Cuban people were being subjected. Therefore, Venezuela reiterated its support for Cuba and urged the United States to comply with the DSB's recommendations and to put an end to its policy of economic, commercial and financial blockade against Cuba, as requested by the international community. In Venezuela's view, this situation of non-compliance was unacceptable and Venezuela was disappointed that the United States lacked the political will to resolve this dispute. Venezuela urged the United States to immediately comply with and observe the Appellate Body's decision calling for the repeal of Section 211, which was inconsistent with the TRIPS Agreement and the Paris Convention. Venezuela was concerned that non-compliance undermined the credibility of the DSB and the multilateral trading system, and caused harm to Cuba.
- 1.11. The representative of <u>India</u> said that his country thanked the United States for its status report and the statement made at the present meeting. India remained concerned and disappointed about the prolonged non-compliance in this dispute, in particular since the interests of a developing-country Member were affected. India urged the United States to report full compliance without any further delay.
- 1.12. The representative of <u>Argentina</u> said that his country thanked the United States for its status report in this dispute, but regretted that the United States, once again, reported lack of progress in this dispute. This situation of non-compliance was inconsistent with the principle of prompt implementation and affected the interests of a developing-country Member. Argentina supported the statements made by Cuba and other delegations at the present meeting and urged the United States to take necessary measures so as to remove this item from the DSB's Agenda.
- 1.13. The representative of <u>China</u> said that her country thanked the United States for its status report and statement made at the present meeting. China was disappointed that the United States had not reported on any progress made towards the implementation of the DSB's recommendations and rulings in this dispute. The prolonged situation of non-compliance in this dispute was highly incompatible with the prompt and effective implementation required under the DSU provisions, in particular since the interests of a developing-country Member were affected. China, once again, urged the United States to reflect further on this issue and to take concrete steps towards implementing the DSB's rulings and recommendations without any further delay.
- 1.14. The representative of the <u>Dominican Republic</u> said that his country thanked the United States for its status report on the implementation of the DSB's recommendations and rulings regarding the inconsistency of Section 211 with Article 42 of the TRIPS Agreement. The Dominican Republic, once again, urged the United States to step up its internal procedures so as to comply with the DSB's recommendations and rulings. The long period of time that had passed with no implementation undermined the credibility of the WTO.
- 1.15. The representative of <u>Viet Nam</u> said that his country thanked the United States for its status report in this dispute. Viet Nam continued to be concerned about the US non-compliance with the DSB's recommendations and rulings in this dispute and urged the United States to take the necessary action to comply without any further delay.
- 1.16. The representative of <u>South Africa</u> said that her country thanked the United States for its status report which did not report on any progress since the previous DSB meeting. South Africa, once again, joined the previous speakers in expressing its concern that no concrete progress had been made in the implementation of the DSB's recommendations with regard to Section 211. South Africa was concerned about the systemic effects on the multilateral trading system and the negative impact on the economic interests of a developing-country Member. South Africa, therefore, urged the United States to bring its legislation into compliance with the DSB's ruling.

- 1.17. The representative of <u>Mexico</u> said that his country thanked the United States for its status report. As Mexico had already expressed in the past, Article 21.1 of the DSU required prompt compliance with the DSB's recommendations and rulings in order to ensure the effective resolution of disputes to the benefit of all Members. In that respect, Mexico, once again, urged both parties in this dispute to adopt the necessary measures in order to comply with the DSB's recommendations and rulings to the benefit of all Members.
- 1.18. The DSB \underline{took} note of the statements and \underline{agreed} to revert to this matter at its next regular meeting.

B. United States – Anti-dumping measures on certain hot-rolled steel products from Japan: Status report by the United States (WT/DS184/15/Add.123)

- 1.19. The <u>Chairman</u> drew attention to document WT/DS184/15/Add.123, which contained the status report by the United States on progress in the implementation of the DSB's recommendations in the case concerning US anti-dumping measures on certain hot-rolled steel products from Japan.
- 1.20. The representative of the <u>United States</u> said that his country had provided a status report in this dispute on 14 February 2013, in accordance with Article 21.6 of the DSU. The United States had addressed the DSB's recommendations and rulings with respect to the calculation of anti-dumping margins in the hot-rolled steel anti-dumping duty investigation at issue in this dispute. With respect to the recommendations and rulings of the DSB that had yet to be addressed, the US Administration would work with the US Congress with respect to appropriate statutory measures that would resolve this matter.
- 1.21. The representative of <u>Japan</u> said that his country thanked the United States for, and took note of, its statement and its status report. Japan, once again, called on the United States to fully implement the DSB's recommendations in this long-standing dispute without further delay.
- 1.22. The DSB <u>took note</u> of the statements and <u>agreed</u> to revert to this matter at its next regular meeting.

C. United States - Section 110(5) of the US Copyright Act: Status report by the United States (WT/DS160/24/Add.98)

- 1.23. The <u>Chairman</u> drew attention to document WT/DS160/24/Add.98, which contained the status report by the United States on progress in the implementation of the DSB's recommendations in the case concerning Section 110(5) of the US Copyright Act.
- 1.24. The representative of the <u>United States</u> said that his country had provided a status report in this dispute on 14 February 2013, in accordance with Article 21.6 of the DSU. The US Administration would continue to confer with the European Union, and to work closely with the US Congress, in order to reach a mutually satisfactory resolution of this matter.
- 1.25. The representative of the <u>European Union</u> said the EU thanked the United States for its status report and its statement made at the present meeting. The EU referred to its previous statements in which it had indicated its desire to resolve this case as soon as possible.
- 1.26. The DSB \underline{took} note of the statements and \underline{agreed} to revert to this matter at its next regular meeting.

D. European Communities – Measures affecting the approval and marketing of biotech products: Status report by the European Union (WT/DS291/37/Add.61)

1.27. The <u>Chairman</u> drew attention to document WT/DS291/37/Add.61, which contained the status report by the European Union on progress in the implementation of the DSB's recommendations in the case concerning measures affecting the approval and marketing of biotech products.

- 1.28. The representative of the <u>European Union</u> said that the EU wished to express its hope that it would continue on the constructive path of dialogue with the United States. The EU authorization system continued to function normally. In 2012, the Commission had authorized five new GMOs¹ and had renewed the authorization of a sixth one.² Three of those decisions³ had been adopted only six months after the relevant EFSA opinions had been published, while the recent decision on MIR162 had been adopted less than four months after the EFSA opinion.⁴ Regarding the concerns expressed by the United States on the backlog of approvals, the EU, once again recalled that the EU approval system was not covered by the DSB's recommendations and rulings. The EU underlined that the GMO regulatory regime was working normally as evidenced by the approval decisions just mentioned. Moreover, EFSA had published opinions on the canola events Gt73 which was now under public consultation. On 25 February 2013, EFSA had presented its opinions on the Canola GM events⁵, as well as an application for the placing on the market of genetically modified maize MON810 pollen as or in food, to the Standing Committee on the Food Chain and Animal Health (SCFCAH) which was the relevant committee in that context.
- 1.29. The representative of the <u>United States</u> said that his country thanked the EU for its status report and for the statement made at the present meeting. The United States said that it continued to have serious concerns regarding EU measures affecting the approval of biotech products. For example, at the January 2013 meeting of the DSB, the United States had noted concerns with the progress of applications for a new biotech soy variety and a new biotech corn variety. The EU's scientific authority (EFSA) had published positive opinions for both products in 2012. The next step under the EU's process was the consideration of the applications by an EU regulatory committee. The United States understood that the EU regulatory committee had recently met for the first time this year. Unfortunately, however, the committee had not taken decisions on either product. As a result, there would be further delay in the consideration of those products. The EU measures affecting the approval of biotech products currently resulted in serious restrictions on trade in agricultural commodities. The United States urged the EU to take steps to address those matters.
- 1.30. The DSB <u>took note</u> of the statements and <u>agreed</u> to revert to this matter at its next regular meeting.

E. United States – Anti-dumping administrative reviews and other measures related to imports of certain orange juice from Brazil: Status report by the United States (WT/DS382/10/Add.14)

- 1.31. The <u>Chairman</u> drew attention to document WT/DS382/10/Add.14, which contained the status report by the United States on progress in the implementation of the DSB's recommendations in the case concerning US anti-dumping administrative reviews and other measures related to imports of certain orange juice from Brazil.
- 1.32. The representative of the <u>United States</u> said that his country had provided a status report in this dispute on 14 February 2013. The United States was pleased to report that the United States and Brazil had reached a mutually satisfactory solution in this dispute. That document had been circulated to the DSB as WT/DS382/12. As noted in that document, the solution with Brazil followed upon the action taken by the United States in February 2012 to modify the methodology used in anti-dumping administrative reviews referred to as "zeroing". Members would recall that the United States had previously reached similar understandings with other Members to resolve disputes regarding this issue. The United States thanked Brazil for working constructively on this matter, and the United States welcomed the resolution of this dispute.

 $^{^{\}rm 1}$ A5547-127 soybean, 356043 soybean, MON87701 soybean, MON87701 X MON89788 soybean, MIR162 maize.

² 40-3-2 soybean.

 $^{^{\}rm 3}$ Authorization decision for 356043 and MON87701 soybeans, MON87701 X MON89788 soybean.

⁴ EFSA opinion: 21 June 2012; decision on authorization: 18 October 2012.

 $^{^{5}}$ Ms8, Rf3 and Ms8xRf3.

- 1.33. The representative of <u>Brazil</u> said that his country thanked the United States for its status report. As it had been mentioned, both countries had, on 14 February 2012, signed a mutually satisfactory solution ending the "Orange Juice" dispute (DS382). That decision had been taken within the context of the agreement signed between Brazil and the United States on 3 April 2012, in which the parties had agreed to consult until the end of 2012 in order to find a mutually agreed solution. The mutually satisfactory solution had been reached without prejudice to the rights of the Brazilian exporters to continue protecting their rights before the competent bodies inside the United States and had taken into consideration the fact that the United States had modified its methodology regarding the calculation of dumping margins and assessment rates in anti-dumping reviews. The new methodology no longer comprised the use of "zeroing" in reviews for which the preliminary results had been issued after 16 April 2012. As Members recalled, this important change in the US legislation had occurred in February 2012, after the Panel's ruling in the "Orange Juice" dispute determining that the practice of "zeroing" by the United States in administrative reviews was inconsistent with Article 2.4 of the Anti-Dumping Agreement.
- 1.34. The DSB took note of the statements.

F. Thailand – Customs and fiscal measures on cigarettes from the Philippines: Status report by Thailand (WT/DS371/15/Add.10)

- 1.35. The <u>Chairman</u> drew attention to document WT/DS371/15/Add.10, which contained the status report by Thailand on progress in the implementation of the DSB's recommendations in the case concerning Thailand's customs and fiscal measures on cigarettes from the Philippines.
- 1.36. The representative of <u>Thailand</u> said that her country wished to refer Members to its most recent status report in this dispute, which had been circulated on 15 February 2013. Thailand was continuing to engage in discussions with the Philippines about its concerns regarding the technical aspects of the implementation measures and other matters of concern that had not been subject to the DSB's recommendations and rulings, and which the Philippines considered to be relevant to the final resolution of this dispute. Thailand was in the process of scheduling further informal bilateral meetings in order to find a mutually satisfactory resolution to this dispute.
- 1.37. The representative of the <u>Philippines</u> said that his country thanked Thailand for its status report and the statement made at the present meeting. In its statement made at the previous DSB meeting, the Philippines had emphasized that it sought further progress towards resolving the remaining WTO-inconsistencies in this dispute, and, if that was not possible, it would be forced to revert to further dispute settlement procedures. In the intervening month, the Philippines had not been informed of any progress towards resolving the remaining WTO inconsistencies. In fact, and despite patient entreaties, Thailand had failed expeditiously to pursue further informal bilateral engagement. The Philippines hoped that Thailand would appreciate that there was only so long that a trading partner could and should be left waiting. In that regard, the Philippines would take appropriate steps shortly.
- 1.38. The DSB \underline{took} note of the statements and \underline{agreed} to revert to this matter at its next regular meeting.

G. United States – Anti-dumping measures on certain shrimp from Viet Nam: Status report by the United States (WT/DS404/11/Add.9)

- 1.39. The <u>Chairman</u> drew attention to document WT/DS404/11/Add.9, which contained the status report by the United States on progress in the implementation of the DSB's recommendations in the case concerning US anti-dumping measures on certain shrimp from Viet Nam.
- 1.40. The representative of the <u>United States</u> said that his country had provided a status report in this dispute on 14 February 2013, in accordance with Article 21.6 of the DSU. In February 2012, the US Department of Commerce had published a modification to its procedures in order to implement DSB recommendations and rulings regarding the use of "zeroing" in anti-dumping reviews. That modification addressed certain findings in this dispute. In June 2012, the US Trade Representative had requested, pursuant to Section 129 of the Uruguay Round Agreements Act, that the Department of Commerce take action necessary to implement the DSB's

recommendations and rulings in this dispute. The United States would continue to consult with interested parties as it was working to address the recommendations and rulings of the DSB.

- 1.41. The representative of <u>Viet Nam</u> said that his country thanked the United States for its most recent status report and the statement made at the present meeting. Viet Nam remained concerned about the lack of compliance by the United States in this dispute. Viet Nam noted that the reasonable period of time for implementation of the DSB's recommendations and rulings had expired seven months ago, but the US authority had not taken any action to revoke the anti-dumping duty as recommended by the Panel. Viet Nam requested the United States to implement, without any further delay, the DSB's recommendations and rulings in this dispute.
- 1.42. The DSB <u>took note</u> of the statements and <u>agreed</u> to revert to this matter at its next regular meeting.

H. United States – Measures affecting the production and sale of clove cigarettes: Status report by the United States (WT/DS406/11/Add.2)

- 1.43. The <u>Chairman</u> drew attention to document WT/DS406/11/Add.2 which contained the status report by the United States on progress in the implementation of the DSB's recommendations in the case concerning the US measures affecting the production and sale of clove cigarettes.
- 1.44. The representative of the <u>United States</u> said that his country had provided a status report in this dispute on 14 February 2013, in accordance with Article 21.6 of the DSU. As noted in the status report, US authorities were conferring with interested parties and working to implement the recommendations and rulings of the DSB in a manner that was appropriate from the perspective of the public health.
- 1.45. The representative of <u>Indonesia</u> said that her country thanked the United States for its status report. As it had stated at the previous DSB meeting of 28 January 2013, Indonesia highly respected the sovereignty of the United States to form and enact its laws and regulations. Indonesia strongly believed that the United States would make an effort and take positive actions to adopt its laws and regulations in a non-discriminatory manner, as stipulated in the WTO Agreements. Indonesia believed that the United States would conduct a fair and just trade and appreciated the US position to uphold its interest to promote the public health, as long as the measure was not more trade restrictive than necessary. Therefore, Indonesia urged the United States to also abide by the principles and stipulations regulated in the WTO Agreements, in particular, the TBT Agreement and the GATT 1994. Indonesia noted that the reasonable period of time for the United States to implement the DSB's recommendations and rulings in this dispute would expire in about five months. Therefore, Indonesia urged the United States to report on more concrete progress on implementation in this dispute at the next DSB regular meeting.
- 1.46. The DSB <u>took note</u> of the statements and <u>agreed</u> to revert to this matter at its next regular meeting.

I. United States – Anti-dumping measures on certain shrimp and diamond sawblades from China: Status report by the United States (WT/DS422/8)

- 1.47. The <u>Chairman</u> drew attention to document WT/DS422/8 which contained the status report by the United States on progress in the implementation of the DSB's recommendations in the case concerning the US anti-dumping measures on certain shrimp and diamond sawblades from China.
- 1.48. The representative of the <u>United States</u> said that his country had provided a status report in this dispute on 14 February 2013, in accordance with Article 21.6 of the DSU. The DSB had adopted its recommendations and rulings in this dispute in July 2012. At that time, the United States had informed the DSB of its intention to implement the DSB's recommendations and rulings. The United States and China had agreed that the reasonable period of time for the United States to implement the DSB's recommendations would expire on 23 March 2013, and had jointly notified the DSB of this agreement. On 5 September 2012, the US Trade Representative had requested, pursuant to Section 129 of the Uruguay Round Agreements Act, that the US Department of Commerce take action necessary to implement the DSB's recommendations and

rulings in this dispute. The United States expected to complete implementation within the reasonable period of time, as notified to the DSB.

- 1.49. The representative of China said that her country thanked the United States for its status report and the statement made at the present meeting. According to the notification of 27 July 2012 circulated as document WT/DS422/7, the United States and China had agreed that the reasonable period of time for the United States to implement the DSB's recommendations and rulings in this dispute would be eight months and would expire on 23 March 2013. This dispute was another "zeroing" case. Consistent with the previous dispute, the Panel had found that the "zeroing" methodology used by the US Department of Commerce (the USDOC) in calculating the margins of dumping in the shrimp and diamond sawblades anti-dumping investigations at issue was inconsistent with Article 2.4.2 of the Anti-Dumping Agreement. China believed that the Panel's rulings were clear and that the reasonable period of time of eight months provided the United States enough time to finalize its domestic procedures so as to fully implement the DSB's recommendations. China took note that the United States expected to fully implement the DSB's recommendations and rulings within the reasonable period of time, as had just been expressed by the US representative at the present meeting. China noted that, on 7 December 2012, the USDOC had issued a preliminary determination concerning anti-dumping measures on certain frozen and canned warmwater shrimp from China under Section 129 of the Uruguay Agreement Act. In that preliminary determination, the USDOC had recalculated, with the "zeroing" effect eliminated, the weighted-average dumping margin with respect to certain exporters and had found 0% dumping margin for all mandatory respondents in the original investigation. China urged the United States to issue, as soon as possible, the final results under Section 129 of the Uruguay Round Agreement Act and to revoke the anti-dumping measures on certain frozen and canned warmwater shrimp and on diamond sawblades from the China, in order to fully implement the DSB's recommendations and rulings by the end of the reasonable period of time.
- 1.50. In addition, China took note that the USDOC had initiated countervailing investigations on warmwater shrimps imported from China, Ecuador, India, Indonesia, Malaysia, Thailand and Viet Nam on 17 January 2013. On 7 February 2013, the US International Trade Commission (USITC) had determined that there was a reasonable indication that the US industry was materially injured by reason of imports of frozen warmwater shrimp that were allegedly subsidized. This was a new probe after the United States had taken anti-dumping measures on the same product for eight years. China had significant concerns about the new countervailing investigation by the United States, including its consistency with the WTO rules and its effect on the anti-dumping measures. China would look closely at the development of the investigations, and would firmly defend the legitimate interests of its domestic producers and exporters in due course.
- 1.51. The DSB <u>took note</u> of the statements and <u>agreed</u> to revert to this matter at its next regular meeting.

2 UNITED STATES - CONTINUED DUMPING AND SUBSIDY OFFSET ACT OF 2000: IMPLEMENTATION OF THE RECOMMENDATIONS ADOPTED BY THE DSB

A. Statements by the European Union and Japan

- 2.1. The <u>Chairman</u> said that this item was on the Agenda of the present meeting at the request of the European Union and Japan. He then invited the respective representatives to speak.
- 2.2. The representative of the <u>European Union</u> said that, once again, the EU requested that the United States stop transferring anti-dumping and countervailing duties to the US industry. Every disbursement that still took place was clearly an act of non-compliance with the DSB's recommendations and rulings. The EU renewed its call on the United States to abide by its clear obligation under Article 21.6 of the DSU to submit status reports in this dispute.
- 2.3. The representative of <u>Japan</u> said that the official website⁶ of the US Customs and Border Protection clearly showed that the CDSOA continued to be operational. Japan, once again, urged the United States to stop the illegal distributions and repeal the CDSOA, not just in form but in

⁶ http://www.cbp.gov/linkhandler/cgov/trade/priority_trade/add_cvd/cont_dump/

substance, so as to resolve this dispute. Pursuant to Article 21.6 of the DSU, the United States was under obligation to provide the DSB with status reports in this dispute.

- 2.4. The representative of the <u>United States</u> said that, as his country had explained at previous DSB meetings, the President had signed the Deficit Reduction Act into law on 8 February 2006. That Act included a provision repealing the Continued Dumping and Subsidy Offset Act of 2000. Thus, the United States had taken all actions necessary to implement the DSB's recommendations and rulings in these disputes. The United States recalled, furthermore, that Members had acknowledged during previous DSB meetings that the 2006 Deficit Reduction Act did not permit the distribution of duties collected on goods entered after 1 October 2007. With respect to comments regarding further status reports, the United States failed to see what purpose would be served by further submission of status reports repeating the progress the United States had made in the implementation of the DSB's recommendations and rulings.
- 2.5. The representative of <u>India</u> said that his country thanked the EU and Japan for bringing this issue before the DSB once again. India agreed with the EU and Japan that the Byrd Amendment should continue to remain subject to the surveillance of the DSB until the United States ceased to administer it.
- 2.6. The representative of <u>Brazil</u> said that his country thanked the EU and Japan for keeping this item on the DSB's Agenda. As had been stated at previous DSB meetings, Brazil was of the view that the United States was under obligation to submit status reports in this dispute until such time that no more disbursements were made pursuant to the Byrd Amendment. Only then would the issue be resolved within the meaning of the DSU and the United States would be released from its obligation to provide status reports in this dispute.
- 2.7. The representative of <u>Canada</u> said that his country thanked the EU and Japan for keeping this item on the DSB's Agenda. Canada agreed with the EU and Japan that the Byrd Amendment remained subject to the surveillance of the DSB until the United States ceased to administer it.
- 2.8. The representative of <u>Thailand</u> said that her country thanked the EU and Japan for continuing to bring this item before the DSB. Thailand urged the United States to cease the disbursements and fully implement the DSB's rulings and recommendations on this matter.
- 2.9. The DSB took note of the statements.

3 UNITED STATES – MEASURES AFFECTING THE CROSS-BORDER SUPPLY OF GAMBLING AND BETTING SERVICES

A. Statement by Antigua and Barbuda regarding the implementation of the recommendations and rulings adopted by the DSB

- 3.1. The <u>Chairman</u> said that this item was on the Agenda of the present meeting at the request of Antigua and Barbuda. He further stated that it was his understanding that in the absence of Antigua and Barbuda in the meeting room, the representative of Dominica would make a statement on behalf of Antigua and Barbuda.
- 3.2. The representative of <u>Dominica</u>, speaking on behalf of Antigua and Barbuda, read out the following statement: "The delegation of Antigua and Barbuda requested that this item be placed on the Agenda for today's meeting of the DSB in order to draw attention to the fact that to date, the United States has not complied with the recommendations or rulings of the DSB in dispute WT/DS285. Nor have the United States and Antigua and Barbuda negotiated and approved an agreed compromise in the matter. Accordingly, pursuant to Article 21.6 of the DSU, the issue of implementation of the recommendations or rulings in this matter shall remain on DSB's Agenda until the issue is resolved. At least ten days prior to each DSB meeting, the United States is required to provide the DSB with a status report in writing of its progress in the implementation of the recommendations or rulings as provided in Article 22.8 of the DSU, this obligation continues, regardless of whether the suspension of concessions or other obligations has been authorized in the matter. It is clear to everyone that the United States has not complied with the recommendations or rulings in this matter and that the issue is most certainly not resolved. We therefore respectfully request the United States delegation to advise the DSB as to why it has

failed to comply with its unambiguous obligations under Article 21.6 of the DSU in this particular case, and when we might expect it to commence compliance with those obligations. We feel compelled to express our disappointment at the lack of compliance by the United States, that the US delegation cannot point to a single measure designed to implement the decision of the DSB. This is particularly troubling because, in general, the record of the United States in implementing decisions of the DSB is, in fact, quite good. In addition, we would like to draw the attention of the DSB to certain matters expressed by the United States in its statement at the DSB meeting on 28 January. These statements, taken in the context of the US continued non-compliance, now assume alarming proportions. In its statement, the United States said: 'if Antigua does proceed with a plan for its government to authorize the theft of intellectual property, it would only serve to hurt Antigua's own interests. Government-authorized piracy would undermine chances for a settlement that would provide real benefits to Antigua. It also would serve as a major impediment to foreign investment in the Antiguan economy, particularly in high-tech industries'. We are left to ask ourselves why the United States delegation would employ terms such as 'theft of intellectual property' and 'Government-authorized piracy' relating to the lawful and expressly authorized use of trade remedies provided for in the WTO Agreements. We believe that the intemperate and dismissive language used in this very forum by the delegation of the United States, where the lawful judgment of the Dispute Settlement Body was characterized as theft and its rulings called piracy, is a fundamental challenge to the WTO by its most powerful Member. If we were in a different setting, it would be contempt of court. These were not casual impromptu remarks by the US delegation, nor remarks made in the cut and thrust of ongoing debate where one's passions may overflow the bounds of propriety, but rather, these remarks were the text of a prepared statement now entered into the official record of the DSB meeting. These were carefully chosen words, and they should not be taken lightly. We regard this as a clear reputational assault, both on the DSB that gave the approval for IP suspensions, and on Antigua and Barbuda that sought its right to exercise it. In addition, senior members of the Office of the United States Trade Representative have, in recent public statements that are on the record, threatened unspecified harm to Antigua and Barbuda if the decision of the DSB authorizing cross-retaliation were to be implemented. These developments should be troubling to all WTO Member states that value the impartial and rules-based nature of the dispute settlement system of this Organization, and these developments present a profound challenge to the credibility of the WTO itself. If the language we heard from the United States delegation at the last meeting of the DSB on 28 January goes unchallenged, then we move one step closer to the day when the integrity of the international trading system would have been fatally compromised. The WTO cross-retaliation system, so ably championed by the United States during the establishment of this Organization, was designed in part to address the kind of power imbalance that is on display in this case, where the world's largest economy has received an adverse ruling on a challenge by one of the world's smallest. The very nature of such an asymmetrical encounter should cause the DSB to exercise great and special care to ensure that its rulings are scrupulously adhered to. We believe that there is room within the DSU for a greater oversight role for the DSB in cases such as this one. We call on Member states to defend the fundamental principles of our Organization and to ensure that its rulings are applied equally by all states, both great and small. For our own part, we will never discard any reasonable offer made to us to settle this matter; and we reiterate our commitment to abide scrupulously by the rulings of the DSB; and we give the categorical assurance that whatever our actions may be in implementing the authorizations, they will always be lawful and able to withstand scrutiny."

3.3. The representative of <u>Trinidad and Tobago</u>, speaking on behalf of the countries of the Caribbean Community (CARICOM), said that his country wished to reiterate the position of the CARICOM Heads of Governments, as set out in their Communiqué issued at the conclusion of the Twenty-Fourth Inter-Sessional Meeting of the Conference of the Heads of Government of the Caribbean Community (CARICOM), which had taken place in Port-au-Prince, Haiti on 18-19 February 2013. At that meeting, the Heads of Government of CARICOM had affirmed their full support for Antigua and Barbuda in its endeavours to obtain compliance by the United States with respect to the DSB's recommendations and rulings with regard to the cross-border provision of gambling and betting services. The countries of CARICOM, like all other small developing states, had consistently worked within the context of international cooperation, as engaged members of the international community to defend the imperative of full compliance with internationally accepted norms and rules. In that regard, Trinidad and Tobago firmly believed that all sovereign WTO Members should be regarded as equals and must be respected accordingly. Trinidad and Tobago urged the United States to seek to engage Antigua and Barbuda in urgent, meaningful and constructive negotiations in order to arrive at a mutually acceptable settlement in this long-

standing dispute. Trinidad and Tobago, and the rest of CARICOM, looked forward to an amicable resolution of this matter in the near future.

- 3.4. The representative of <u>Haiti</u> said that her country supported the statement made by Dominica, on behalf of Antigua and Barbuda and the statement made by Trinidad and Tobago, on behalf of CARICOM. Haiti had been presiding over CARICOM since January 2013 and, at the Conference of Heads of State and Government on 18-19 February 2013, the Caribbean community was very clear and had called upon the United States to comply with the rulings and recommendations adopted by the DSB with respect to measures affecting the cross-border supply of gambling and betting services.
- 3.5. The representative of <u>Brazil</u> said that his country thanked Antigua and Barbuda for including this item on the DSB's Agenda. Brazil was of the view that, since its creation, the WTO dispute settlement system had proved to be a great achievement as a means to resolve trade disputes among WTO Members through a rules-based mechanism. However, Brazil firmly believed that the WTO dispute settlement system could only fully accomplish its objectives if it played the role it had been designed to play to the benefit of all Members, regardless of their size or level of development. Bearing that in mind, Brazil encouraged both parties to the dispute to engage in effective negotiations with a view to reaching a satisfactory solution in the long-standing "US-Gambling" case, in line with the DSB's rulings in this dispute.
- 3.6. The representative of <u>Cuba</u> said that her country supported the statement made by Dominica, on behalf of Antigua and Barbuda as well as the statements made by the previous speakers who had supported Antigua and Barbuda. Cuba noted that this was another case of prolonged non-compliance on the part of the United States which affected a small and vulnerable economy with scarce resources. Cuba urged the United States to address its failure to comply with the DSB's recommendations and rulings with a view to resolving all pending matters, in particular since the interests of a developing-country Member were affected.
- 3.7. The representative of <u>China</u> said that, at the DSB meeting of 28 January 2013, pursuant to the request by Antigua and Barbuda under Article 22.7 of the DSU, the DSB had agreed to grant authorization to suspend the application to the United States of concessions or other obligations consistent with the Arbitrator's decision contained in document WT/DS285/ARB. This was another example of the difficulty a developing-country Member may encounter in its attempt to see the DSB's rulings and recommendations, which had gone in its favour, to be fully implemented in accordance with WTO rules. The DSU provided clearly that "prompt compliance with recommendations or rulings of the DSB is essential in order to ensure effective resolution of disputes to the benefit of all Members", and that "the suspension of concessions or other obligations shall be temporary". Thus, China urged the United States to implement the DSB's rulings and recommendations, made by the Panel and Appellate Body Reports, in an honest and timely manner. China also encouraged the parties to find a solution to this dispute through cooperation, including by means mentioned in Article 22.8 of the DSU under which suspension of concessions shall be terminated if a mutually satisfactory solution was reached.
- 3.8. The representative of <u>Jamaica</u> said that his country supported the statements made by Dominica on behalf of Antigua and Barbuda and by Trinidad and Tobago on behalf of the Caribbean Community. Jamaica noted that this dispute had remained unresolved for a prolonged period of time, despite the clear DSB ruling in favour of Antigua and Barbuda. In that regard, Jamaica reaffirmed the need for all WTO Members to fully comply with their obligations, including those arising from the DSB's rulings. Furthermore, Jamaica emphasized that, in particular for small, vulnerable economies, it was important that the integrity of the dispute settlement system was preserved as a critical component of a rules-based system governing international trade. Jamaica, therefore, called on both parties to the dispute to redouble their efforts to achieve a just and equitable solution in the interest of the multilateral trading system as a whole.
- 3.9. The representative of <u>Barbados</u> said that her country supported the statements made by Dominica on behalf of Antigua and Barbuda and by Trinidad and Tobago on behalf of CARICOM. It was important that Members adhered to the DSB's decisions. At its meeting in Haiti in February 2013, Heads of Government of CARICOM had affirmed their full support for Antigua and Barbuda in its endeavours to obtain compliance by the United States with respect to the DSB's ruling. Barbados was of the view that the DSB decisions must be respected, not only in the interest of the WTO but in the interest especially of small, vulnerable economies. Barbados

believed that Members should be treated equally and be respected. Barbados urged the United States to engage with Antigua and Barbada in urgent and meaningful negotiations in order to arrive at an equitable and mutually acceptable settlement in this long-standing dispute.

- 3.10. The representative of the <u>United States</u> said that his country and Antigua remained in active discussions to resolve this matter, and in the interest of maintaining that constructive course, the United States would make just a few remarks at the present meeting. First, the United States took note that at the present meeting, as in the past, Antiqua had assured the DSB that if it decided to take the extraordinary and indeed unprecedented step of suspending TRIPS obligations with respect to US intellectual property (IP), it would notify the DSB and provide specific details about how it would implement that suspension. As the arbitrator had cautioned in its December 2007 decision, it was critical that Antigua act absolutely transparently if it decided to pursue that course. Antigua was authorized in a very limited way to refrain from applying IP obligations with respect to the United States. That authorization did not permit rampant IP theft from Antiguan websites nor did it excuse violations of IP rights within the territory of any other Member. Every Member had an interest to ensure that, whatever action Antigua might pursue, such action did not undermine the efforts that every other Member made to protect and enforce IP rights. The United States took Antiquan representatives at their word that their government would not encourage or allow Antigua to become a haven for IP piracy. It was not in Antigua's interest to abandon the IP laws and norms respected throughout the world.
- 3.11. Second, the United States said that it would like to respond briefly to how Antigua had been characterizing the status of this dispute in recent months. Antigua repeatedly stated that the United States had been unwilling to negotiate in good faith toward a fair settlement. That was not the case. As a rule, the United States did not speak publicly about sensitive settlement negotiations and would continue to follow that practice. However, in the interest of responding to Antigua's specific characterizations, the United States said that it would make some general comments. The United States had been following the established, multilateral WTO process for responding to the DSB's findings that the US services schedule extended to gambling services. In 2007, the United States had begun the process of modifying the US Schedule of Specific Commitments under the GATS in order to bring US services commitments in line with longstanding US policy. As part of that process, the United States had offered substantial compensatory adjustments in other services areas. Every Member except Antigua had agreed to the US compensation package. Unfortunately, the Antiguan government had responded that no service, except gambling, was of interest. In other words, Antigua was not working within the framework of the GATS to find new services commitments to counterbalance a modification of the US Schedule with respect to gambling. In response, and although not required under WTO procedures, the United States had sought to offer Antigua elements other than new services concessions. Those elements included assistance designed to bring benefits to Antigua's broader economy. The United States had also offered to work creatively with Antigua to develop possibilities that might leverage Antigua's existing capacities to lead to growth in new areas. In closing, the United States remained open and ready to engage with Antigua and remained optimistic that the two countries could work cooperatively to find a solution.
- 3.12. The DSB took note of the statements.

4 UNITED STATES - ANTI-DUMPING MEASURES ON CERTAIN SHRIMP FROM VIET NAM

A. Request for the establishment of a panel by Viet Nam (WT/DS429/2/Rev.1 and Corr.2)

- 4.1. The <u>Chairman</u> recalled that the DSB had considered this matter at its meeting on 28 January 2013 and had agreed to revert to it. He drew attention to the communication from Viet Nam contained in document WT/DS429/2/Rev.1 and WT/DS429/2/Rev.1/Corr.2, and invited the representative of Viet Nam to speak.
- 4.2. The representative of <u>Viet Nam</u> said that, at the previous DSB meeting on 28 January 2013, his country had made the first request for the establishment of a panel with respect to certain anti-dumping measures imposed by the United States on imports of certain shrimp from Viet Nam (DS429). As a result of the US objection to the establishment of a panel, a panel had not been

established at that meeting. Therefore, pursuant to Article 6 of the DSU, Viet Nam was making its second request for the DSB to establish a panel at the present meeting.

- 4.3. The representative of the <u>United States</u> said that his country had been engaged in an ongoing dialogue with Viet Nam over the past months with the aim of reaching a mutually agreed solution to this dispute. The United States understood this dialogue to be constructive, and that it appeared to be leading towards a practical resolution. Accordingly, the United States was disappointed that Viet Nam had chosen to go forward with this second panel request. The United States seriously questioned how, under any scenario, Viet Nam expected to achieve the economic results that it sought. Nevertheless, the United States understood that a panel would be established at the present meeting, and the United States would vigorously defend its interests in the panel proceeding.
- 4.4. The DSB <u>took note</u> of the statements and <u>agreed</u> to establish a panel in accordance with the provisions of Article 6 of the DSU with standard terms of reference.
- 4.5. The representatives of <u>China</u>, the <u>European Union</u>, <u>Japan</u>, <u>Norway</u> and <u>Thailand</u> reserved their third-party rights to participate in the Panel's proceedings.

5 STATEMENT BY THE CHAIRMAN REGARDING SOME MATTERS RELATED TO THE APPELLATE BODY

- 5.1. The <u>Chairman</u>, speaking under "Other Business", said that, as he had announced at the outset of the meeting, he wished to make a statement concerning the issue of possible reappointment of one Appellate Body member. In that regard, he recalled that at the DSB meeting in December 2012, he had informed delegations that the first four-year term of office of Mr. Ricardo Ramírez would expire at the end of June 2013. At that meeting, he had announced that Mr. Ramírez, who was eligible for reappointment pursuant to Article 17.2 of the DSU, was interested and willing to be reappointed for a second four-year term. He had also stated that it was his intention to consult informally with interested delegations on this matter. To that effect, he had invited delegations with views on this matter to contact him directly. At the 28 January 2013 DSB meeting, he had informed delegations that the consultations were ongoing and had, once again, invited delegations to contact him directly on this matter. In light of those consultations, the Chairman informed delegations that consensus was likely to emerge on the issue of reappointment of the Appellate Body member. As a result, this matter would be placed, for a decision by the DSB, on the Agenda of the next regular meeting to be held on 26 March 2013.
- 5.2. The DSB <u>took note</u> of the statement.

6 ELECTION OF CHAIRMAN

6.1. The outgoing <u>Chairman</u> said that, before considering this Agenda item, he wished to make a short statement. He said that, as delegations were aware, he was chairing the DSB meeting for the last time. He said that it had been a great honour and pleasure for him to have worked with Members for the past year. During that period, Members had been able to facilitate and successfully complete the process of appointment of one Appellate Body member in a transparent manner. There had been moments of anxiety about certain complex legal questions, which had been resolved with an open mind. All had worked together on the basis of mutual trust and mutual respect and he was grateful to all Members for that cooperation. He said that he had been enriched by the discussions in the DSB and had been able to understand the intricacies of the WTO dispute settlement process better than ever. He recognized the contribution made by the Directors of the LAD, the Rules Division and the Appellate Body Secretariat. He also thanked Ms Bozena Mueller-Holyst (CTNC Division) and her colleagues for assisting the Chair in the course of the year. Finally, he thanked the interpreters and other officials of the Secretariat, who were not very visible in the room, but who had provided an excellent service to ensure that all meetings were held smoothly.

- 6.2. The outgoing <u>Chairman</u> recalled that, at its meeting on 25 February 2013, the General Council had taken note of the consensus on a slate of names for Chairpersons to a number of WTO bodies including the DSB. On the basis of the understanding reached by the General Council, he proposed that the DSB elect by acclamation Ambassador Jonathan Fried of Canada as Chairman of the DSB.
- 6.3. The DSB so agreed.
- 6.4. The incoming <u>Chairman</u> thanked the outgoing Chairman for his leadership during the past year. He thanked Members for the confidence bestowed on him and trusted that he would live up to that confidence. He looked forward to consulting with Members, not only during the meetings but also in between so as to continue the good work of this important Body. He was certain that he would receive the support of the Secretariat: CTNC Division, the Legal Affairs and Rules Divisions and independently that of the Appellate Body.
- 6.5. The representative of the <u>European Union</u> said that the EU thanked Ambassador Bashir for chairing the DSB meetings in a smooth and efficient manner. The EU recalled the moment of tension in one dispute, which had been resolved in a skilful way. The EU wished Ambassador Bashir well in his new function as the Chairman of the General Council. The EU welcomed Ambassador Fried as the new DSB Chairman and looked forward to working with him over the next year.
- 6.6. The representative of the <u>United States</u> said that his country congratulated Ambassador Fried on his election and welcomed him as the Chairman of the DSB. The United States looked forward to working with him over the coming year. The United States thanked Ambassador Bashir for his many contributions to the work of the DSB during the past year and wished him success chairing the General Council.
- 6.7. The representative of <u>Saudi Arabia</u> said that his country thanked Ambassador Bashir for his wise leadership shown in the past year and congratulated Ambassador Fried on his election as the new Chairman of the DSB.
- 6.8. The representative of <u>Morocco</u>, speaking on behalf of the African Group, thanked the outgoing Chairman for his efforts in the work of the DSB and congratulated the incoming Chairman on his appointment.
- 6.9. The representative of <u>China</u> said that her country thanked Ambassador Bashir for his able leadership towards the smooth operation of the DSB during the past year and congratulated him on his appointment as the Chairman of the General Council and wished him success in leading Members to a successful conclusion of the Bali Ministerial Conference in December 2013. China welcomed Ambassador Fried as the incoming DSB Chairman and trusted that he would have the same spirit as his predecessor to lead Members to a smooth operation of the DSB.
- 6.10. The representative of <u>Canada</u> said that his country joined other delegations in thanking Ambassador Bashir for his service as Chairman of the DSB over the past year. Ambassador Bashir's term had been marked by the adoption, sometimes under a certain amount of procedural controversy, of a significant number of dispute settlement reports and the initiation more recently of a stream of new disputes. The steady hand with which he had guided Members had been appreciated by all. Canada wished Ambassador Bashir success in his new role as Chairman of the General Council and welcomed Ambassador Fried as the new Chairman of the DSB for what was shaping up to be another eventful year in WTO dispute settlement.
- 6.11. The representative of <u>Brazil</u> said that his country thanked Ambassador Bashir for his smooth leadership in the DSB and wished him all the best in chairing the General Council. Brazil also welcomed Ambassador Fried as the new Chairman of the DSB and wished him well.

- 6.12. The representative of <u>India</u> said that his country thanked Ambassador Bashir who had provided leadership, impartiality and transparency to the DSB. India wished him success in his new assignment as the Chairman of the General Council and welcomed Ambassador Fried as the new Chairman of the DSB. India was confident that Ambassador Fried's wide experience in law and diplomacy would benefit the DSB. India assured him of its full cooperation and wished him success.
- 6.13. The representative of <u>Turkey</u> said that his country thanked Ambassador Bashir for his excellent leadership as the DSB Chairman and wished him well in his new function as the Chairman of the General Council. Turkey also welcomed Ambassador Fried and congratulated him for his election as the new Chairman of the DSB.
- 6.14. The DSB took note of the statements.