

**CHINA – VALUE-ADDED TAX ON INTEGRATED CIRCUITS**

Notification of Mutually Agreed Solution

The following communication, dated 5 October 2005, from the delegation of China and the delegation of the United States to the Chairman of the Dispute Settlement Body, is circulated pursuant to Article 3.6 of the DSU.

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In accordance with Article 3.6 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes*, the Governments of the People's Republic of China and the United States of America wish to notify the Dispute Settlement Body ("DSB") that we have reached a mutually satisfactory solution to the matter raised by the United States in WT/DS309/1 (*China – Value-Added Tax on Integrated Circuits*) dated 18 March 2004.

As previously notified to the DSB on 14 July 2004, following constructive consultations on 27 April 2004 in Geneva and bilateral meetings in Washington and Beijing, China and the United States signed a Memorandum of Understanding ("MOU") regarding China's value-added tax on integrated circuits (WT/DS309/7). At this time, China and the United States are in agreement that the terms of the MOU have been successfully implemented.

Based on these developments, China and the United States have agreed that a mutually satisfactory solution has been reached to the matter raised by the United States. We would ask you to circulate this notification to the relevant Councils and Committees, as well as to the DSB.

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