



3 August 2018

(18-4972)

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Original: English

**INDONESIA – IMPORTATION OF HORTICULTURAL PRODUCTS,
ANIMALS AND ANIMAL PRODUCTS**

RECOURSE TO ARTICLE 22.2 OF THE DSU BY THE UNITED STATES

The following communication, dated 2 August 2018, 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 Indonesia has failed to comply with the recommendations and rulings of the Dispute Settlement Body ("DSB") in the dispute *Indonesia — Importation of Horticultural Products, Animals, and Animal Products* (DS478). 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 Indonesia at an annual level based on a formula commensurate with the trade effects caused to the interests of the United States by the failure of Indonesia to comply with the recommendations of the DSB. Based on a preliminary analysis of available data for certain products, this level is provisionally estimated at up to approximately \$350 million for 2017. The United States will update this figure annually, as Indonesia's economy continues to expand.

On 22 November 2017, the DSB adopted the reports contained in WT/DS478/R and WT/DS478/AB/R, finding that Indonesia's measures on horticultural products, animal, and animal products breached Article XI:1 of the *General Agreement on Tariffs and Trade* ("GATT 1994"). Accordingly, the DSB recommended that Indonesia bring its measures into conformity with its obligations under the GATT 1994.

The United States and Indonesia agreed that the reasonable period of time for Indonesia to implement the DSB's recommendations would expire on 22 July 2018. In the view of the United States, Indonesia failed to bring its measures into compliance with its obligations under the GATT 1994 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 consist of suspension of tariff concessions and related obligations (including most-favored-nation obligations) under the GATT 1994 on a list of products of Indonesia 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.
