

**EUROPEAN COMMUNITIES – CONDITIONS FOR THE GRANTING  
OF TARIFF PREFERENCES TO DEVELOPING COUNTRIES**

Status Report by the European Communities

The following communication, dated 7 April 2005, from the delegation of the European Communities to the Chairman of the Dispute Settlement Body, is circulated pursuant to Article 21.6 of the DSU.

---

Status Report Regarding Implementation of the DSB Recommendations and Rulings  
in the Dispute *European Communities – Conditions for the Granting of Tariff Preferences  
to Developing Countries* (WT/DS246)

The European Communities submits this report in accordance with Article 21.6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes.

On 20 April 2004, the Dispute Settlement Body (the "DSB") adopted the Appellate Body Report and the Panel Report, as modified by the Appellate Body Report, in *European Communities – Conditions for the Granting of Tariff Preferences to Developing Countries* ("EC – Tariff Preferences"). At the DSB meeting of 19 May 2004, the European Communities confirmed its intention to implement the recommendations and rulings of the DSB in this dispute and stated that it would require a "reasonable period of time" in which to do so, pursuant to Article 21.3 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (the "DSU").

Following the failure of the parties to reach a mutual agreement on the reasonable period for implementation, India requested that such period be determined by binding arbitration, in accordance with Article 21.3(c) of the DSU.

The arbitral award issued on 20 September 2004 determined that the reasonable period of time for the European Communities to implement the recommendations and rulings of the DSB in this dispute is 14 months and 11 days from 20 April 2004 and would therefore expire on 1 July 2005.

On 20 October 2004, the European Commission proposed to the Council of the European Union a new GSP regulation which would, *inter alia*, repeal the "drug arrangement" under Council Regulation (EC) No. 2501/2001. This proposal is currently under discussion within the Council.

---