

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

Status Report by the European Communities

Addendum

The following communication, dated 7 July 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. Following lengthy discussions, the new GSP Regulation was adopted (Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences) and published in the Official Journal of the European Union of 30 June 2005. According to the new GSP and in line with the time limit fixed by the arbitrator as above, the special

arrangements to combat drug protection and trafficking of Title IV of Regulation (EC) No 2501/2001 and the provisions applied in conjunction with those arrangements have been repealed as of 1 July 2005. The European Communities has thus fully implemented the recommendations and rulings of the DSB in this dispute.
