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EUROPEAN COMMUNITIES – EXPORT SUBSIDIES ON SUGAR

Status Report by the European Communities

The following communication, dated 4 May 2006, 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 – Export Subsidies on Sugar (WT/DS265, WT/DS266 and WT/DS283)

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

On 19 May 2005 the Dispute Settlement Body (the "DSB") adopted the Panel and Appellate Body Reports in *European Communities – Export Subsidies on Sugar*.

On 28 October 2005 the arbitrator acting under Article 21.3(c) of the DSU determined the "reasonable period of time" for the European Communities to implement the recommendations and rulings of the DSB to be 12 months and 3 days, thus expiring on 22 May 2006.

Council Regulation (EC) No 318/2006 on the common organization of the markets in the sugar sector was adopted on 20 February 2006 and published in the Official Journal of the European Union on 28 February 2006. This Regulation sets out the framework for a comprehensive reform of the EU sugar sector, and gives the necessary powers to the Commission to adopt the relevant implementing measures to ensure compliance for the purpose of this dispute. These implementing measures are currently under preparation.

On this basis the European Communities intends to comply with the DSB rulings and recommendations in this dispute within the reasonable period of time specified for this purpose.