

**BRAZIL – MEASURES AFFECTING IMPORTS OF RETREADED TYRES**

Status Report by Brazil

Addendum

The following communication, dated 14 September 2009, from the delegation of Brazil to the Chairman of the Dispute Settlement Body, is circulated pursuant to Article 21.6 of the DSU.

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Status Report Regarding Implementation of the  
DSB Recommendations and Rulings in the Dispute  
*Brazil – Measures Affecting Imports of Retreaded Tyres*  
(WT/DS332)

1. Brazil submits this report in accordance with Article 21.6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes.
2. On 17 December 2007, the Dispute Settlement Body ("DSB") adopted the Panel and the Appellate Body reports in *Brazil – Measures Affecting Imports of Retreaded Tyres* (WT/DS332). At the DSB meeting on 15 January 2008, Brazil informed the DSB of its intention to implement the recommendations and rulings of the DSB. At the same meeting, Brazil stated that it would need a "reasonable period of time" to do so, according to Article 21.3 of the DSU.
3. In January 2008, Brazil and the EC initiated discussions with a view to agreeing on a "reasonable period of time". The matter was referred to arbitration by the EC pursuant to Article 21.3(c) of the DSU on 4 June 2008. The Arbitrator was composed by the Director-General on 26 June 2008. The arbitration award, circulated on 29 August 2008, established that the reasonable period of time for the implementation was 12 months.
4. As announced in previous status reports in this dispute, on 24 June 2009 Brazil's Supreme Court found that the importation of used tyres violates fundamental precepts enshrined in Brazil's Constitution, including the rights to health and to a balanced environment. Thus, lower courts' decisions authorizing the importation of used tyres into Brazil have lost their legal effects.
5. The Supreme Court's decision was sought by the Executive Branch in order to enhance Brazil's environmental and public health policy relating to the risks associated with the generation, transportation and accumulation of used tyres. As Brazil explained in previous status reports, such decision constituted a major step taken by Brazil to achieve full compliance with the recommendations and rulings adopted by the DSB in this dispute.

6. Following this decision and in line with an Opinion by the Union's Attorney General Office, Brazil's Secretary of Foreign Trade issued a new regulation, Portaria SECEX 24/2009, which was published in the Official Gazette on 28 August 2009. This regulation prohibits new licenses for the importation of used and retreaded tyres to be issued, irrespective of their origin. Previous regulations allowed the importation of a limited amount of a specific category of retreaded tyres from other Mercosul countries. Taken together, the Supreme Court ruling and Portaria SECEX 24/2009 eliminated the aspects of the application by Brazil of its import ban on retreaded tyres that had been considered inconsistent with trade disciplines by the Appellate Body. Brazil is therefore in full compliance with the DSB recommendations and rulings in this dispute.

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