

**WORLD TRADE
ORGANIZATION**

WT/MIN(01)/W/6
1 November 2001

(01-5349)

MINISTERIAL CONFERENCE
Fourth Session
Doha, 9 - 13 November 2001

Original: English

AMENDMENT OF CERTAIN PROVISIONS OF

ANNEX

**AMENDMENT OF CERTAIN PROVISIONS OF
THE UNDERSTANDING ON RULES AND PROCEDURES
GOVERNING THE SETTLEMENT OF DISPUTES**

1. The following footnote shall be added to the third sentence of paragraph 3 of Article 21 after the term “reasonable period of time”:

“For purposes of this Understanding, the 'reasonable period of time' shall include the time-period specified under paragraph 7 of Article 4 of the Agreement on Subsidies and Countervailing Measures.”

2. Paragraph 5 of Article 21 is amended to read as follows:

"During the reasonable period of time, each party to the dispute shall accord sympathetic consideration to any request from another party to the dispute for consultations with a view to reaching a mutually satisfactory solution regarding the implementation of the recommendations or rulings of the DSB. When such consultations are entered into, each party to the dispute shall afford to any third party, which so requests, an adequate opportunity to express its views.”

3. Paragraph 6 of Article 21 is amended to read as follows:

"6. (a) The DSB shall keep under surveillance the implementation of adopted recommendations or rulings. The issue of implementation of the recommendations or rulings may be raised at the DSB by any Member at any time following their adoption.

“(b) The Member concerned shall report on the status of its implementation of the recommendations or rulings of the DSB at each DSB meeting,¹ where any Member may raise any point pertaining thereto, beginning 6 months after the date of adoption of the recommendations or rulings of the DSB, until the parties to the dispute have mutually agreed that the issue is resolved or until the DSB finds pursuant to Article 21*bis* that the Member concerned has complied. At least 10 days prior to each such DSB meeting, the Member concerned shall provide the DSB with a detailed written status report concerning its progress in the implementation of the recommendations or rulings.

“(c) (i) Upon compliance with the recommendations or rulings of the DSB the Member concerned shall submit to the DSB a written notification on compliance.

“(ii) If the Member concerned has not submitted a notification under subparagraph (c)(i) by the date that is 20 days before the date of expiry of the reasonable period of time, then not later than that date the Member concerned shall submit to the DSB a written notification on compliance including the measures that it has taken, or the measures that it expects to have taken by the expiry of the reasonable period of time. Where the notification refers to measures that the Member concerned expects to have taken, the Member concerned shall submit to the DSB a supplementary written notification no later than the expiry of the reasonable period of time, stating that it has, or has not, taken such measures, and indicating any changes to them.

¹ The parties to the dispute may agree to waive this requirement for a particular DSB meeting.

“(iii) Each notification under this subparagraph shall include a detailed description as well as the text of the relevant measures the Member concerned has taken. The notification requirement of this subparagraph shall not be construed to reduce the reasonable period of time established pursuant to paragraph 3 of Article 21.”

4. The following new Article shall be inserted after Article 21:

*“Article 21bis
Determination of Compliance*

“1. Where there is disagreement between the complaining party and the Member concerned as to the existence or consistency with a covered agreement of measures taken to comply with the recommendations or rulings of the DSB, such disagreement shall be resolved through recourse to the dispute settlement procedures provided for in this Article.^{2 2bis}

“2. The complaining party may request the establishment of a Compliance Panel consisting of the members of the original panel at any time after:³

“(i) the Member concerned states that it does not need a reasonable period of time for compliance pursuant to paragraph 3 of Article 21;

“(ii) the Member concerned has submitted a notification pursuant to paragraph 6(c) of Article 21 that it has complied with the recommendations or rulings of the DSB; or

“(iii) ten days before the date of expiry of the reasonable period of time;

whichever is the earlier. Such request shall be made in writing.

“3. While consultations between the Member concerned and the complaining party are desirable, they are not required prior to a request for a Compliance Panel under paragraph 2.

“4. When requesting the establishment of a Compliance Panel, the complaining party shall identify the specific measures at issue and provide a brief summary of the legal basis of the complaint, sufficient to present the problem clearly. Unless the parties to the Compliance Panel proceeding agree on special terms of reference within 5 days from the establishment of the Compliance Panel, standard terms of reference in accordance with Article 7 shall apply to the Compliance Panel.

“5. The DSB shall meet 10 days after such a request unless the complaining party requests that the meeting be held at a later date. At that meeting,⁴ the DSB shall establish a Compliance Panel, unless the DSB decides by consensus not to establish such a panel.

² This is without prejudice to the right of the parties to have recourse to normal dispute settlement procedures under this Understanding or to the procedures under Article 5 or Article 25.

^{2bis} The procedures provided for in this Article shall apply to measures referred to in paragraph 9 (as amended) of Article 22.

³ If any member of the original panel is not available, the Director-General shall appoint a replacement within 5 days after the date of establishment of the Compliance Panel, unless the Director-General has been requested not to do so by the parties to the Compliance Panel.

⁴ In the case of a Compliance Panel established pursuant to paragraph 9 of Article 22, the DSB shall establish the Compliance Panel at the meeting requested by the Member concerned pursuant to that paragraph.

“6. The Compliance Panel shall circulate its report to the Members within 90 days of the date of its establishment.

“7. On or after the date of circulation of the report of the Compliance Panel, any party to the Compliance Panel proceeding may request a meeting of the DSB to adopt the report, and the DSB shall meet 10 days after such a request unless the party requesting the meeting requests that the meeting be held at a later date. At that meeting, the Compliance Panel report shall be adopted by the DSB and unconditionally accepted by the parties to the Compliance Panel proceeding unless a party to the Compliance Panel proceeding formally notifies the DSB of its decision to appeal or the DSB decides by consensus not to adopt the report. This adoption procedure is without prejudice to the right of Members to express their views on a Compliance Panel report.

“7bis. In case the report of the Compliance Panel is appealed, the Appellate Body proceedings, as well as the adoption of the Appellate Body report, shall be conducted in accordance with Article 17.

“8. If the Compliance Panel or the Appellate Body report finds that the Member concerned has failed to bring the measure found to be inconsistent with a covered agreement into compliance therewith or otherwise comply with the recommendations or rulings of the DSB in the dispute within the reasonable period of time, the Member concerned shall not be entitled to any further period of time for implementation following adoption by the DSB of the report of the Compliance Panel and, where the report of the Compliance Panel has been appealed, the report of the Appellate Body.

“9. The Compliance Panel shall establish its own working procedures. The provisions of Articles 1 through 3, 8 through 14 (other than paragraph 5 of Article 8), 18, 19, 21.1, 21.2, 21.7, 21.8, 23, 24, 26 and 27.1 of the DSU shall apply to the Compliance Panel proceedings except to the extent that (i) such provisions are incompatible with the time frame provided in this Article, or (ii) this Article provides more specific provisions.”

5. Paragraph 2 of Article 22 shall be amended to read as follows:

“2. If:

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meeting of the DSB shall be convened for this purpose 10 days after the request, unless the complaining party requests that the meeting be held at a later date.^{6 7} The parties to the dispute are encouraged to consult before the meeting to discuss a mutually satisfactory solution.”

6. Paragraph 6 of Article 22 shall be amended to read as follows:

“6. (a) When the complaining party has made a request for authorization to suspend concessions or other obligations pursuant to paragraph 2 of this Article, the DSB shall grant authorization to such request at the meeting requested by the complaining party unless the DSB decides by consensus to reject the request. However, if the Member concerned objects to the level of suspension proposed, or claims that the principles and procedures set forth in paragraph 3 have not been followed where the complaining party has requested authorization to suspend concessions or other obligations pursuant to paragraph 3(b) or (c), the matter shall be referred to arbitration.

comply with the recommendations or rulings of the DSB in the dispute, such disagreement shall be resolved through recourse to the dispute settlement procedures provided for in Article 21*bis*. If as a result of recourse to the dispute settlement procedures provided for in Article 21*bis*, the measures taken to comply by the Member concerned are found not to be inconsistent with a covered agreement and comply with the recommendations or rulings of the DSB in the dispute, then on or after the date of circulation of the report of the Compliance Panel or the Appellate Body, the Member concerned may request a meeting of the DSB to withdraw the authorization for the suspension of concessions or other obligations. The DSB shall meet 10 days¹⁰ after such a request unless the Member concerned requests that the meeting be held at a later date. At such meeting the DSB shall withdraw the authorization for suspension of concessions and other obligations unless the DSB decides by consensus not to do so.¹¹

“(c) The complaining party shall not maintain the suspension of concessions and other obligations after the DSB withdraws the authorization.”

8. In paragraph 7 of Article 4, the numeral “60” shall be deleted wherever it occurs and the numeral “30” shall be inserted in its place. Insert at the end of this paragraph the following footnote:

“Where one or more of the parties is a developing country Member, the time period established in paragraph 7 of Article 4 shall, if the parties agree, be extended by up to 30 days. Any other party to the dispute shall accord sympathetic consideration to a request by a developing country Member for such an extension. If the parties do not agree to such an extension, the developing country Member may have recourse to paragraph 10 of Article 12.”

9. Paragraph 1 of Article 6 shall be amended to read as follows:

“1. If the complaining party so requests, the DSB shall establish a panel at the meeting at which the request first appears as an item on the DSB's agenda, unless the DSB decides by consensus not to establish a panel.”

A new footnote shall be added to the Article 6.1 after the word "requests", the text of which shall read as follows:

"In a case involving a complaint against a developing country Member, the complaining party shall accord sympathetic consideration to a request from that Member to postpone the establishment of a panel due to particular circumstances. "

The existing footnote to Article 6.1 shall be retained at the end of paragraph 1.

10. Paragraph 12(a) of Appendix 3 shall be amended to read as follows:

“(a) Receipt of first written submissions of the parties:

- | | | |
|-------------------------------|-------|-------------------------|
| (1) complaining party: | _____ | 3-4 weeks ¹² |
| (2) party complained against: | _____ | 4-5 weeks” |

¹⁰ In the case of an appeal, the DSB shall meet for this purpose on or after the date of the adoption of the Appellate Body report pursuant to Article 17.14.

¹¹ The DSB shall not consider the request for the withdrawal of the authorization for the suspension of concessions until after it has adopted the report of the Compliance Panel or the Appellate Body.

¹² Up to 6 weeks if the complaining party is a developing country Member.

11. In Appendix 3, the following paragraph shall be inserted following paragraph 10. Paragraphs 11 and 12 shall be renumbered as 12 and 13 respectively.

“11. The descriptive part of the panel report shall include a brief summary of the facts and the procedural history of the case. The documents submitted by the parties and third parties to the panel shall be attached to the panel report, except for certain factual confidential information designated as such by the party or the third party that submitted it.¹³”

12. Paragraph 1 of Article 15 shall be deleted and paragraphs 2 and 3 of Article 15 shall be renumbered as paragraphs 1 and 2. In the first sentence of the present paragraph 2 of Article 15, the first sentence shall be amended to read as follows:

“2. The panel shall issue an interim report to the parties, including the descriptive sections and the panel’s findings and conclusions.”

13. Present paragraph 2 of Article 15 shall be amended by deleting therefrom the sentence “At the request of a party, the panel shall hold a further meeting with the parties on the issues identified in the written comments.”

14. The following conforming changes on time frames need to be made in light of the other changes in the text.

"Present paragraph 12 of Appendix 3 shall be amended as follows:

"(1) Items (e) and (f) shall be deleted and the following items redesignated accordingly.

"(2) Item (g) (prior to redesignation) shall be amended by deleting “2-4 weeks” and inserting “4-8 weeks”.

"(3) Item (h)(prior to redesignation) shall be amended by deleting “1 week” and inserting “10 days”

"(4) Item (i)(prior to redesignation) shall be deleted and the following items redesignated accordingly.

"(5) Item (j) (prior to redesignation) shall be amended by deleting “2 weeks” and inserting “10 days”

"(6) Item (k) (prior to redesignation) shall be amended to be to read as follows:

“(k) Circulation of the final report to the Members: ____3 days”

Based on a total reduction of time (up to approximately 47 days), the time frames in Article 20 (the reference to "nine months" and to "12 months"), the periods in 21.4 (the reference to "15 months" and to "18 months") shall be reduced by one month.

15. A new paragraph 13 will be added to Article 3*1 amended by deleting therefrom the sentence “At the

- (iii) The amendments contained in paragraph 4 through 6 shall apply to any dispute where recommendations and rulings have been adopted by the DSB after the effective date of this amendment;
 - (iv) The amendments contained in paragraph 7 shall apply to any claim of elimination of the inconsistency or the nullification or impairment of benefits under the covered agreements taking place after the effective date of this amendment;
 - (v) The amendments contained in paragraph 8 and 9 shall apply only to the dispute settlement procedures for which consultations have been requested after the effective date of this amendment;
 - (vi) The amendments contained in paragraph 10 through 14 and 16 through 22 shall apply to disputes for which a panel has been composed after the effective date of this amendment.
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