

**DOMINICAN REPUBLIC – MEASURES AFFECTING THE IMPORTATION
AND INTERNAL SALE OF CIGARETTES**

*Arbitration
under Article 21.3(c) of the
Understanding on Rules and Procedures
Governing the Settlement of Disputes*

Report of the Arbitrator
John Lockhart

1. On 19 May 2005, the Dispute Settlement Body (the "DSB") adopted the Appellate Body Report¹ and the Panel Report², as modified by the Appellate Body Report, in *Dominican Republic – Measures Affecting the Importation and Internal Sale of Cigarettes*.³ At the DSB meeting of 13 June 2005, the Dominican Republic 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").⁴

2. On 12 July 2005, Honduras informed the DSB that consultations with the Dominican Republic had not resulted in agreement on the reasonable period of time for implementation. Honduras, therefore, requested that such period be determined by binding arbitration, in accordance with Article 21.3(c) of the DSU.⁵

3. In a joint letter dated 14 July 2005, Honduras and the Dominican Republic communicated to the Chairman of the DSB their agreement that, notwithstanding the 90-day period for arbitration described in Article 21.3(c) of the DSU (which would expire on 17 August 2005), an arbitration completed within 60 days after the date of the appointment of the arbitrator would be deemed by the parties to be the award of the arbitrator under Article 21.3(c) of the DSU.⁶

4. On 21 July 2005, the parties requested me to act as Arbitrator, pursuant to Article 21.3(c) of the DSU, to determine the reasonable period of time for implementation of the recommendations and rulings of the DSB in respect of this matter. I accepted the appointment on 22 July 2005⁷, and undertook to determine the reasonable period of time for implementation of the recommendations and rulings of the DSB in respect of this matter. I accepted the appointment on 22 July 2005⁷, and undertook to determine the reasonable period of time for implementation of the recommendations and rulings of the DSB in respect of this matter.

6. By joint letter to me dated 16 August 2005, the parties informed me that they had reached agreement on the reasonable period of time for compli