

***UNITED STATES – CERTAIN MEASURES ON STEEL AND ALUMINUM PRODUCTS***  
**(DS554)**

**SECOND WRITTEN SUBMISSION OF THE UNITED STATES OF AMERICA**

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| US-89   | <i>The Oxford Spanish Dictionary</i> , 1 <sup>st</sup> edn, (Oxford University Press, 1994)  |
| US-90   | General Agreement on Tariffs and Trade Second Session of the Contracting Parties, Rules of Procedure GATT/CP.2/3 Rev.1 (Aug. 16, 1948)   |
| US-91   | General Agreement on Tariffs and Trade Rules of Procedure for Sessions of the Contracting Parties GATT/CP/30 (Sept. 6, 1949)   |
| US-92   | Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, Corrigendum to Verbatim Report, E/PC/T/A/PV/33.Corr.3 (July 30, 1947)    |

| EXHIBIT | DESCRIPTION   |
|---------|---|
| US-93   | ENGLISH GRAMMAR (Sydney Grenbaum ed., Oxford Univ. Press, 1996)   |
| US-94   | THE CLASSIC GUIDE TO BETTER WRITING (Ruldolf Flesch & A. H. Lass, HarperPerrenial, 1996)  |
| US-95   | MERRIAM-WEBSTER’S GUIDE TO PUNCTUATION AND STYLE 233 (1st edn. 1995) (excerpts)   |
| US-96   | HARPER’S ENGLISH GRAMMAR (Harper & Row, 1966) (excerpts)  |
| US-97   | Ian Sinclair, THE VIENNA CONVENTION ON THE LAW OF TREATIES, Manchester University Press, 2nd edn (1984) (excerpt)   |
| US-98   | Analytical Index: Guide to GATT Law and Practice, Vol. 2 (Geneva, WTO, 1994)  |
| US-99   | Bradly J. Condon, <i>The Concordance of Multilingual Legal Texts at the WTO</i> , 33 Journal of Multilingual and Multicultural Development 6, App. 1 (2012)   |
| US-100  | WTO Analytical Index: Language incorporating the GATT 1947 and other instruments into GATT 1994,<br><a href="https://www.wto.org/english/res_e/publications_e/ai17_e/gatt1994_incorp_oth.pdf">https://www.wto.org/english/res_e/publications_e/ai17_e/gatt1994_incorp_oth.pdf</a> |
| US-101  | General Agreement on Tariffs and Trade, Protocol Amending the General Agreement to Introduce a Part IV on Trade and Development: Establishment of Authentic Text in Spanish, Decision of 22 Mar. 1965 (L/2424)  |
| US-102  | Instrumentos Básicos y Documentos Diversos (IBDD), Vol. I (revised) (1955) (excerpt)  |
| US-103  | Decision of the Trade Negotiations Committee (TNC) on “Corrections to be Introduced in the General Agreement on Tariffs and Trade” MTN.TNC/41 (Mar 30, 1994)  |
| US-104  | Instrumentos Básicos y Documentos Diversos (IBDD), Vol. III (1958) (excerpt)  |
| US-105  | Instrumentos Básicos y Documentos Diversos (IBDD), Vol. IV, 41 (1969) (excerpt)   |
| US-106  | ADVANCED FRENCH GRAMMAR 60 (Cambridge Univ. 1999) (excerpt)   |

| EXHIBIT | DESCRIPTION   |
|---------|---|
| US-107  | OPPENHEIM’S INTERNATIONAL LAW, vol. I (excerpt)   |
| US-108  | Vienna Convention on the Law of Treaties  |
| US-109  | U.N. Convention on the Recognition and Enforcement of Foreign Arbitral Awards, June 10, 1958, 21 U.S.T. 2517  |
| US-110  | Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons which may be deemed to be Excessively Injurious or to have Indiscriminate Effects, Oct. 10, 1980, 1342 U.N.T.S. 137 |
| US-111  | U.N. Convention on Contracts for the International Sale of Goods, Apr. 11, 1980, 1489 U.N.T.S. 3  |
| US-112  | U.N. Convention on the Use of Electronic Communications in International Contracts, Nov. 23, 2005, 2898 U.N.T.S. 3  |
| US-113  | Convention Concerning the Protection of the World Cultural and Natural Heritage, Nov. 16, 1972, 27 U.S.T. 37  |
| US-114  | U.N. Convention on Independent Guarantees and Stand-By Letters of Credit, Dec. 11, 1995, 2169 U.N.T.S. 163  |
| US-115  | U.N. Convention on the Carriage of Goods by Sea, Mar. 31, 1978, 1695 U.N.T.S. 3   |
| US-116  | Convention on Registration of Objects Launched into Outer Space, Nov. 12, 1974, 1023 U.N.T.S. 15  |
| US-117  | U.N. Convention on Conditions for Registration of Ships, Feb. 7, 1986, 26 I.L.M. 1229   |
| US-118  | Convention on the Limitation Period in the International Sale of Goods, June 14, 1974, 1511 U.N.T.S. 3  |
| US-119  | International Sugar Agreement, Mar. 20, 1992, 1703 U.N.T.S. 203   |
| US-120  | U.N. Convention on the Rights of the Child, Nov. 20, 1989, 1577 U.N.T.S. 3  |
| US-121  | Convention on the Non-Applicability of Statutory Limitations to War Crimes and Crime Against Humanity, Nov. 26, 1968, 754 U.N.T.S. 73   |



| <b>EXHIBIT</b> | <b>DESCRIPTION</b>  |
|----------------|---|
| US-122         | James Crawford, <i>BROWNLIE’S PRINCIPLES OF PUBLIC INTERNATIONAL LAW</i> (8th ed. 2012)   |
| US-123         | UNIDIR, <i>The United Nations, Cyberspace and International Peace and Security: Responding to Complexity in the 21st Century</i> (2017) (excerpt)   |
| US-124         | International Telecommunication Union (ITU), Definition of cybersecurity, <a href="https://www.itu.int/en/ITU-T/studygroups/com17/Pages/cybersecurity.aspx">https://www.itu.int/en/ITU-T/studygroups/com17/Pages/cybersecurity.aspx</a> |
| US-125         | United Nations General Assembly, Group of Governmental Experts on Developments in the Field of Information and Telecommunications in the Context of International Security (July 30, 2010) A/65/201                                     |
| US-126         | United Nations General Assembly, Resolution adopted by the General Assembly on 5 December 2016, A/RES/71/28   |
| US-127         | New Zealand Government, <i>New Zealand’s cybersecurity strategy</i> (2019) (excerpt)  |
| US-128         | Australian Government, <i>Australia’s Cyber Security Strategy</i> (2016) (excerpt)  |
| US-129         | Turkey’s National Cyber Security Strategy (2016)  |
| US-130         | National Cyber Security Strategy for Norway (2019) (excerpt)  |
| US-131         | India, Call for Comments, <i>National Cyber Security Strategy 2020</i> (2019)   |
| US-132         | India, <i>National Cyber Security Policy 2013</i>   |
| US-133         | The Ministry of Foreign Affairs of the Netherlands, <i>Working Worldwide for the Security of the Netherlands: An Integrated International Security Strategy 2018-2022</i> , at 19 (2018) (excerpt)                                      |
| US-134         | The Netherlands Government, <i>National Security Strategy</i> (2019)  |
| US-135         | Switzerland, <i>National Strategy for the Protection of Switzerland against Cyber Risks 2018-2022</i> , at 1 (Apr. 2018)  |
| US-136         | ENISA, <i>NCSS Good Practice Guide</i> (Nov. 2016) (excerpt)  |

| EXHIBIT | DESCRIPTION   |
|---------|---|
| US-137  | Canada’s National Cyber Security Action Plan 2019-2024 (2019) (excerpt)   |
| US-138  | National Security Law of the People’s Republic of China (2015)  |
| US-139  | Cybersecurity Law of the People’s Republic of China (2017)  |
| US-140  | Russian National Security Strategy (Dec. 2015)  |
| US-141  | Tass.com (Russian News Agency), Kremlin says cyber attacks against Russia perpetually initiated from US territory (Feb. 27, 2019), <a href="https://tass.com/world/1046641">https://tass.com/world/1046641</a>  |
| US-142  | National Security Strategy of the United States of America (Dec. 2017)  |
| US-143  | National Cyber Strategy of the United States of America (Sept. 2018)  |
| US-144  | Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, Amendment Proposed by the Australian Delegation, Article 35 – paragraph 2, E/PC/T/W/170 (June 6, 1947)  |
| US-145  | Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, Summary Record of the 35 <sup>th</sup> meeting of Commission A, held on Monday 11 August 1947, E/PC/T/A/SR/35 (Aug. 12, 1947)                                     |
| US-146  | Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, Chapter V, Articles 34, 35 and 38, Report by the Sub-Committee for submission to Commission A on Monday, 4 <sup>th</sup> August, 1947, E/PC/T/146 (July 31, 1947) |
| US-147  | Report of the Tariff Negotiations Working Party, General Agreement on Tariffs and Trade, E/PC/T/135 (July 24, 1947)   |
| US-148  | Second Session of the Preparatory Committee of the United Nations Conference on Trade And Employment, Verbatim Report, E/PC/T/EC/PV.2/22 (Aug. 22, 1947)  |
| US-149  | Negotiating Group on GATT Articles, Meeting of 3 March 1987, Note by the Secretariat, MTN.GNG/NG7/1/Rev.1 (Apr. 3, 1987)  |
| US-150  | Negotiating Group on GATT Articles, Article XXI Proposal by Nicaragua, MTN.GNG/NG7/W/48 (June 18, 1988).  |

| EXHIBIT | DESCRIPTION  |
|---------|--|
| US-151  | Negotiating Group on GATT Articles, Communication from Argentina, MTN.GNG/NG7/W/44 (Feb. 19, 1988)   |
| US-152  | Negotiating Group on GATT Articles, Communication from Nicaragua, MTN.GNG/NG7/W/34 (Nov. 12, 1987)   |
| US-153  | Negotiating Group on GATT Articles, Note on Meeting of 27-30 June 1988, MTN.GNG/NG7/8 (July 21, 1988)  |
| US-154  | Third Report on the law of treaties, by Sir Humphrey Waldock, Special Rapporteur (A/CN.4/167 and Add.1-3)  |
| US-155  | WTO, A Handbook of the WTO Dispute Settlement System (2nd edn. 2017) (excerpt)   |
| US-156  | Summary Record of Thirty-Seventh Meeting, Aug. 8, 1949, GATT/CP.3/SR.37 (Aug. 8, 1949)   |
| US-157  | Austrian Security Strategy, Security in a new decade – Shaping security (2013) (excerpt)   |
| US-158  | Defence Ministry of the Republic of Indonesia, Defence White Paper (2015) (excerpt)  |
| US-159  | The Federal Government, White Paper on German Security Policy and the Future of the Bundeswehr (excerpt)   |
| US-160  | Japan, National Security Strategy (Dec. 17, 2013) (excerpt)  |
| US-161  | Netherlands Government, National Risk Profile 2016 (excerpt)   |
| US-162  | New Zealand Government, Strategic Defence Policy Statement 2018 (excerpt)  |
| US-163  | Setting the course for Norwegian foreign and security policy, Meld. St. 36 (2016-2017), Report to the Storting (white paper), Recommendation of 21 April 2017 from the Ministry of Foreign Affairs, approved in the Council of State the same day (White paper from the Solberg Government) (excerpts) |
| US-164  | Opening Ceremony of the 12th Asia-Pacific Programme for Senior National Security Officers (APPSNO) - Speech by Mrs. Josephine Teo, Minister for Manpower and Second Minister for Home Affairs (May 7, 2018)  |

| EXHIBIT                               | DESCRIPTION   |
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| US-165                                | Spain, The National Security Strategy, Sharing a Common Project (2013) (excerpt)  |
| US-166                                | Turkey, Ministry of Foreign Affairs, Turkey’s Perspectives and Policies on Security Issues  |
| US-167                                | Negotiating Group on Safeguards, Communication from Switzerland, MTN.GNG/NG9/W/10 (Oct. 5, 1987)  |
| US-168                                | Negotiating Group on Safeguards, Communication by the Nordic Countries, MTN.GNG/NG9/W/16 (May 30, 1988)   |
| US-169                                | <i>The Oxford Spanish Dictionary</i> , 2 <sup>st</sup> edn (revised), (Oxford University Press, 2001) (excerpt)                                       |
| US-170                                | Ortografía Y Gramática, <a href="https://gramatica.celeberrima.com/">https://gramatica.celeberrima.com/</a>   |
| US-171                                | SIDE BY SIDE SPANISH & ENGLISH GRAMMAR (3rd edn. 2012) (excerpt)  |
| US-172                                | Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, Verbatim Report, E/PC/T/A/PV/12 (June 12, 1947) |
| US-173                                | Summary Record of the Twelfth Meeting, E/PC/T/A/SR/12 (June 12, 1947)   |
| <b>U.S. Second Written Submission</b> |   |
| US-174                                | Intentionally Omitted   |
| US-175                                | Ian Sinclair, <i>The Vienna Convention on the Law of Treaties</i> , Manchester University Press, 2nd edn (1984) (excerpt)                             |
| US-176                                | <i>Merriam-Webster’s Guide to Punctuation and Style</i> 233 (1st edn. 1995) (excerpts)  |
| US-177                                | THE NEW YORK PUBLIC LIBRARY WRITER'S GUIDE TO STYLE AND USAGE (1994)  |
| US-178                                | <i>The Grammar Bible: Everything You Always Wanted to Know About Grammar but Didn’t Know Whom to Ask</i> 146-147 (2nd edn 2004)                       |
| US-179                                | Intentionally Omitted   |
| US-180                                | Intentionally Omitted   |

| EXHIBIT | DESCRIPTION  |
|---------|--|
| US-181  | Treaty of Rome (excerpt)   |
| US-182  | Treaty on the Functioning of the European Union (excerpt)  |
| US-183  | Communication from Switzerland, MTN.GNS/W/102 (June 7, 1990)   |
| US-184  | Communication from Brazil, Chile, Colombia, Cuba, Honduras, Jamaica, Nicaragua, Mexico, Peru, Trinidad and Tobago and Uruguay, MTN.GNS/W/95 (Feb. 26, 1990)                          |
| US-185  | Communication from the United States, MTN.GNS/W/75 (Oct. 17, 1989)   |
| US-186  | Proposal by the European Community, MTN.GNS/W/105 (June 18, 1990)  |
| US-187  | Communication from Japan, MTN.GNS/W/107 (July 10, 1990)  |
| US-188  | Draft Multilateral Framework for Trade in Services, MTN.GNS/35 (July 23, 1990)   |
| US-189  | Trade Negotiations Committee, Draft Final Act Embodying The Results of the Uruguay Round of Multilateral Trade Negotiations, Revision, MTN.TNC/W/35/Rev.1 (Dec. 3, 1990) (excerpts)  |
| US-190  | Trade Negotiations Committee, Draft Final Act Embodying The Results of the Uruguay Round of Multilateral Trade Negotiations, MTN.TNC/W/FA (Dec. 20, 1991) (excerpts)                 |
| US-191  | Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Status of Work in the Negotiating Group, Chairman's Report to the GNG, MTN.GNG/NG11/W/76 (July 23, 1990) |
| US-192  | Communication from Nicaragua, MTN.GNG/NG13/W/15 (Nov. 6, 1987)   |
| US-193  | Negotiating Group on Dispute Settlement, Meeting of November 20, 1987, Note by the Secretariat, MTN.GNG/NG13/5 (Dec. 7, 1987)  |
| US-194  | Negotiating Group on Dispute Settlement, Meeting of November 20, 1987, Note by the Secretariat, Addendum, MTN.GNG/NG13/5/Add.1 (Apr 29, 1988)  |
| US-195  | Negotiating Group on Dispute Settlement, Meeting of 25 June, 1987, Note by the Secretariat, MTN.GNG/NG13/2 (July 15, 1987)   |

| EXHIBIT | DESCRIPTION   |
|---------|---|
| US-196  | Negotiating Group on Dispute Settlement, Meeting of July 11, 1988, Note by the Secretariat, MTN.GNG/NG13/9, para. 7 (July 21, 1988)                           |
| US-197  | Agreement on the Establishment of a Free Trade Area between the Government of Israel and the Government of the United States of America (excerpt)             |
| US-198  | Tokyo Round Code on Government Procurement (1979) (excerpt)   |
| US-199  | Agreement on Government Procurement, Revised Text (1988) (excerpt)  |
| US-200  | Agreement on Government Procurement, Article XXIII (1994) (excerpt)   |
| US-201  | Agreement on Government Procurement (2012) (excerpt)  |
| US-202  | Intentionally Omitted   |
| US-203  | Intentionally Omitted   |
| US-204  | Intentionally Omitted   |
| US-205  | The New Shorter Oxford English Dictionary, 4th edn., L. Brown (ed.) (Clarendon Press, Oxford, 1993) (excerpts)  |
| US-206  | GATT Contracting Parties, Summary Record of the Fourteenth Meeting, GATT/CP.5/SR.14 (Nov. 30, 1950)   |
| US-207  | Schedule XX – United States, Withdrawal of Item 1526(a) under the Provisions of Article XIX, GATT/CP/83 (Oct. 19, 1950)                                       |
| US-208  | <i>United States – Fur Felt Hats</i> (GATT Panel)   |
| US-209  | Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report of the Seventh Meeting, E/PC/T/C.II/PV/7 (Nov. 1, 1946)        |
| US-210  | Preparatory Committee of the United Nations Conference on Trade and Employment, Verbatim Report of the Ninth Meeting, E/PC/T/C.II/RO/PV/9 (Nov. 9, 1946)      |
| US-211  | Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report of the Eleventh Meeting, E/PC/T/C.II/PRO/PV/11 (Nov. 14, 1946) |

| <b>EXHIBIT</b> | <b>DESCRIPTION</b>  |
|----------------|---|
| US-212         | Preparatory Committee of the International Conference on Trade and Employment, Addition to Report of Sub-Committee Procedures, E/PC/T/C.II/57/Add.1 (Nov. 20, 1946) |
| US-213         | Work Already Undertaken in the GATT on Safeguards, MTN.GNG/NG9/W/1, (Apr. 7, 1987),   |
| US-214         | Declaration of Ministers Approved at Tokyo on 14 September 1973   |
| US-215         | Negotiating Group on Safeguards, Draft Text by the Chairman, MTN.GNG/NG9/W/25 (June 27, 1989)   |
| US-216         | Negotiating Group on Safeguards, Draft Text by the Chairman, MTN.GNG/NG9/W/25/Rev.1 (January 15, 1990)  |
| US-217         | Negotiating Group on Safeguards, Chairman's Report on Status of Work in the Negotiating Group, MTN.GNG/NG9/W/25/Rev.2 (July 13, 1990)                               |
| US-218         | Negotiating Group on Safeguards, Additional United States' Proposals on Safeguards, MTN.GNG/NG9/W/31 (Oct. 31, 1990)  |
| US-219         | Negotiating Group on Rule Making and Trade-Related Investment Measures, Safeguards, Note by the Secretariat MTN.GNG/RM/W/3 (June 6, 1991)                           |
| US-220         | Negotiating Group on Safeguards, Draft Text of an Agreement, MTN.GNG/NG9/W/25/Rev.3 (Oct. 31, 1990)   |
| US-221         | Agreement on the European Economic Area (excerpt)   |

## **I. Introduction**

1. In previous submissions, the United States explained that Article XXI(b) – as interpreted according to the customary rules of interpretation – is self-judging, meaning that each Member has the right to determine, for itself, what it considers necessary to protect its own essential security interests, and to take action accordingly. In this submission, the United States will focus on arguments made by the complainant in its oral statement at the First Substantive Meeting and its responses to the Panel’s Questions.

2. Section II demonstrates that the complainant’s argument that a Member’s invocation of Article XXI(b) is subject to testing by the Panel is contrary to the text and grammatical structure of the provision. In addition, supplementary means of interpretation – including negotiating history of the Uruguay Round – confirm that a Member’s exercise of its rights under Article XXI(b) is not subject to testing in the manner suggested by the complainant, and that Uruguay Round drafters understood that this provision was (and would remain) self-judging by the acting Member. Section II also explains that, contrary to the complainant’s argument, nothing in Article XXI(b) suggests that a Member invoking the provision is required to specifically identify the subparagraph with respect to which it is invoking the right reflected in Article XXI(b), or that the Member must furnish information supporting its invocation for the Panel’s review. In fact, the complainant’s argument should be rejected not only because it is not supported by the text of the provision but also because such an interpretation would undermine a responding Member’s rights under Article XXI(a).

3. The interpretation that emerges based on the ordinary meaning of the text of the subparagraphs in the English and French language versions, however, is not fully supported by the Spanish text of the subparagraphs. This means that, under Article 33 of the VCLT, the meaning that best reconciles the three authentic texts, having regard to the object and purpose of the treaty, must be adopted. Reconciling the texts changes the U.S. interpretation of the text of subparagraphs (i) and (ii) from modifying the term “interests” – the meaning most natural and consistent with rules of grammar and convention in English and French – to modifying the terms “any action which it considers” – a meaning that is also permitted in all three authentic texts. This interpretation does not alter the plain meaning of the chapeau or the overall structure of Article XXI(b), however. The terms of the provision still form a single relative clause that begins in the chapeau and ends with each subparagraph, and therefore the phrase “which it considers” still modifies the entirety of the chapeau and the subparagraph endings. Therefore, reconciling the three authentic texts leads to the same fundamental meaning the United States has presented, committing the determination of whether an action is necessary for the protection of a Member’s essential security interests in the relevant circumstances to the judgment of that Member alone.

4. Section III explains that the function of a panel under DSU Article 11 to make an “objective assessment of the matter before it” does not render the Member’s determination under Article XXI(b) subject to testing by the Panel. Because the panel’s objective assessment of the text of Article XXI leads to the conclusion that the provision is self-judging and does not subject a Member’s invocation of Article XXI(b) to further review, the U.S. interpretation of Article XXI(b) as self-judging is consistent with the Panel’s terms of reference and the DSU. In this situation, the sole finding that the Panel can make is to note the U.S. invocation of Article



XXI(b). Furthermore, the type of review proposed by the complainant would necessarily require a panel to substitute its judgment for the judgment that Article XXI(b) reserved to the Member alone. The approach advanced by the United States is the only way to fulfil the Panel’s role under the DSU without substituting its judgment for that of the United States.

5. Section IV explains that, contrary to the arguments presented by the complainant, the U.S. measures at issue in this dispute are not safeguards. A necessary, condition precedent for the application of safeguards disciplines is that the acting Member invokes Article XIX as the legal basis for its action. Here, the United States has not invoked Article XIX as the basis for the measures at issue, and instead has repeatedly made clear that it has sought and taken these measures pursuant to Article XXI. Accordingly, the measures at issue are not safeguards and the safeguards disciplines do not apply to them.

6. Finally, Section V addresses the order of analysis that the Panel should adopt in this dispute. As the United States explains there, due to the self-judging nature of Article XXI(b), the sole finding that the Panel may make in this dispute is to note the Panel’s recognition that the United States has invoked its essential security interests. Accordingly, the United States suggest that the Panel should begin by addressing the United States’ invocation of GATT 1994 Article XXI(b).

## **II. Complainant’s Arguments Fail to Rebut the U.S. Interpretation of Article XXI**

7. The United States has invoked Article XXI(b) in this dispute, and as discussed in Section II.A, this invocation applies to all of the complainant’s claims. Furthermore, the United States has shown that Article XXI(b), as interpreted according to the customary rules of interpretation, is self-judging, meaning that each Member has the right to determine, for itself, what it considers necessary to protect its own essential security interests, and to take action accordingly. This is because the phrase “which it considers” qualifies all of the terms in the single relative clause that follows the word “action”, including the terms in the chapeau and the subparagraph endings.

8. As discussed in Section II.B, the complainant dismisses the U.S. interpretation, arguing that “which it considers” does not qualify all of the elements in the chapeau and the subparagraph endings. The complainant’s argument artificially separates the single relative clause that follows the word “action” and is contrary to the text and grammatical structure of Article XXI(b). The complainant also asserts that the Panel can objectively determine existence of a “war or other emergency in international relations” within the meaning of Article XXI(b)(iii). Contrary to complainant’s argument, the text of subparagraph ending (iii) – particularly the terms “emergency” and “security”, which each Member may interpret differently – supports the interpretation that the applicability of Article XXI(b)(iii), like all of Article XXI(b), is self-judging. The complainant suggests that Article XXI(a) is not relevant to this dispute. Pointing to superficial similarities between Article XX and Article XXI(b), however, the complainant suggests that the Panel should apply a two-step test the panel uses in reviewing Article XX invocation. Such an argument, however, ignores the important textual differences between the two provisions.

9. Furthermore, as set forth in Section II.C, the U.S. interpretation is confirmed by supplementary means of interpretation, including the negotiating history of Article XXI(b) and

negotiations that occurred during the Uruguay Round. Finally, as discussed in Section II.D, the customary rules of interpretation support adopting an interpretation of Article XXI(b) that best reconciles the English, Spanish, and French versions. Reconciling the three authentic texts leads to the same fundamental meaning the United States has presented, committing the determination of whether an action is necessary for the protection of a Member’s essential security interests in the relevant circumstances to the judgment of that Member alone.

**A. The United States Has Invoked Article XXI(b) With Respect To All Of Complainant’s Claims**

10. The United States recalls that it has invoked Article XXI(b) in relation to all claims raised in this dispute.<sup>1</sup> The complainant’s own assertions demonstrate that Article XXI is a defense to such claims. Article XXI(b) states that “Nothing in this Agreement shall be construed... to prevent any Member from taking any action which it considers necessary for the protection of its essential security interests.” In essence, the complainant’s claims seek to *prevent* the United States from taking action it considers necessary for the protection of its essential security interests; that is, action that the complainant considers contrary to Article XXI.

11. Precisely this type of finding or assessment would be contrary to Article XXI and the sovereign right of a state that it reflects. As the United States has previously explained, Article XXI applies to alleged breaches of the Agreement on Safeguards, as well as to alleged breaches of the GATT 1994.<sup>2</sup>

**B. Ordinary Meaning of Article XXI(b) Establishes that Article XXI(b) is Self-Judging**

12. As the United States has explained in prior submissions, the self-judging nature of Article XXI(b) of GATT 1994 is established by the text of that provision, in its context, and in the light of the treaty’s object and purpose. For the reasons below, none of complainant’s new arguments is supported by the text of Article XXI(b) or by customary rules of interpretation under public international law; therefore, complainant’s arguments fail to rebut the U.S. interpretation of Article XXI(b) as self-judging.

13. As discussed in Section II.B.1, the ordinary meaning of the terms of Article XXI(b) establishes that, contrary to the complainant’s arguments, the word “considers” qualifies all the terms in the chapeau and the subparagraph endings of Article XXI(b). Furthermore, as set forth in Section II.B.2, the complainant is wrong when it argues that a responding Member must identify a specific subparagraph of Article XXI(b) to invoke its right to take measures for the protection of its essential security interests. The text of subparagraph ending (iii), discussed in Section II.B.3, also supports the interpretation that the applicability of Article XXI(b)(iii), like all

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<sup>1</sup> U.S. First Written Submission, para. 9. *See also* Statements by the United States at the Meeting of the WTO Dispute Settlement Body, Geneva, October 29, 2018, November 21, 2018, and December 4, 2018 (US-84).

<sup>2</sup> *See* U.S. Oral Opening Statement in the First Meeting of the Panel with the Parties, Section G.

of Article XXI(b), is self-judging. Finally, as described in Section II.B.4, the context provided by Article XXI(a) and Article XX supports the interpretation of Article XXI(b) as self-judging.

***1. Complainant’s Argument that “Considers” Does Not Qualify All of the Terms in the Chapeau and the Subparagraph Endings is Inconsistent with the Ordinary Meaning of the Terms of Article XXI(b)***

14. Russia’s claim that the Panel may review whether the circumstances described in the subparagraphs exist is unsupported by the text and grammatical structure of Article XXI. Russia agrees with the United States that the phrase “which it considers” qualifies the phrase “necessary for the protection of its essential security interests”.<sup>3</sup> However, according Russia, the phrase “which it considers” does not qualify the subparagraph endings (i) through (iii), and the subparagraphs are “objective and are subject to objective assessment of the Panel.”<sup>4</sup>

15. Russia argues that the phrase “any action which it considers necessary for the protection of its essential security interests” is a single integral clause and that “the determination of necessity of an action taken to protect and of the essential security interests protected shall be given the total deference and could not be reviewed by the WTO adjudicative bodies.”<sup>5</sup> But Russia presents a starkly different view of the subparagraph endings, stating that “the circumstances enumerated in subparagraphs (i) to (iii) are subject to objective assessment by the Panel,” and that “all relevant evidence and explanation” must be provided to support that the actions relate to the subject matters in (i) and (ii) and taken in temporal circumstance in (iii).<sup>6</sup> Russia further states, in its response to the Panel’s Question 40, that the subparagraphs qualify the term “action”<sup>7</sup> – a departure from the position it took during the First Substantive Meeting: that subparagraphs (i) and (ii) modify the term “essential security interests”. However, Russia neither explains the change in its position nor points to English linguistic sources to support its new position on the ordinary meaning of these terms.

16. Contrary to Russia’s argument, the single relative clause<sup>8</sup> that follows “action” begins with the phrase “which it considers necessary” and ends at the end of each subparagraph, and describes the situation which the Member “considers” to be present when it takes such an “action”. Because the relative clause describing the action begins with “which it considers”, the

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<sup>3</sup> Russia’s Response to the Panel’s Question 35, para. 122.

<sup>4</sup> Russia’s Response to the Panel’s Question 35, para. 123. It is unclear whether the reference to “objective assessment” is referring to DSU Article 11. Russia’s argument regarding DSU Article 11 is addressed in Section III.

<sup>5</sup> Russia’s Response to the Panel’s Question 37, para. 126.

<sup>6</sup> Russia’s Response to the Panel’s Question 37, para. 125-126.

<sup>7</sup> Russia’s Response to the Panel’s Question 40, para. 135.

<sup>8</sup> ENGLISH GRAMMAR 631 (Sydney Grenbaum ed., Oxford Univ. Press, 1996) (“Relative clauses postmodify nouns (‘the house *that I own*’), pronouns (‘those *who trust me*’), and nominal adjectives (‘the elderly *who are sick*.’) (US-93); THE CLASSIC GUIDE TO BETTER WRITING 69 (Rudolf Flesch & A. H. Lass, HarperPerrenial, 1996) (“**Who** and **which** are called *relative pronouns* and introduce *relative clauses*... The point is that by using **who** or **which** you have made an independent clause into a relative or dependent clause—a group of words that can’t stand by itself.”) (emphasis in the original) (US-94).

other elements of this clause are committed to the judgment of the Member taking the action. Russia’s argument artificially separates the terms in the single relative clause following “action”.

17. A clause is a group of words containing both a subject and a predicate (which includes a verb).<sup>9</sup> With respect to the single relative clause in Article XXI(b)(i), the subject is “it [the Member]” and the predicate is “considers necessary for the protection of its essential security interests relating to relating to fissionable materials or the materials from which they are derived”. With respect to the single relative clause in Article XXI(b)(ii), the subject is “it [the Member]” and the predicate is “considers necessary for the protection of its essential security interests relating to the traffic in arms, ammunition and implements of war . . .” With respect to the single relative clause in Article XXI(b)(iii), the subject is “it [the Member]” and the predicate is “considers necessary for the protection of its essential security interests taken in time of war or other emergency in international relations.” There is nothing – neither punctuation nor coordinating conjunction – to indicate a break in the single relative clause.

18. Russia’s argument that subparagraphs (i) and (ii) modify the term “action” as opposed to “essential security interests” also is inconsistent with the ordinary meaning of the English text of Article XXI(b)(i) and Article XXI(b)(ii). Under the ordinary meaning of the English text of Article XXI(b), the subparagraph endings (i) and (ii) modify the phrase “essential security interests”; each relate to the kinds of interests for which the Member may consider its action necessary to protect. In this way, the subparagraph endings (i) and (ii) indicate the types of essential security interests to be implicated by the action taken.<sup>10</sup>

19. This is because, under English grammar rules, a participial phrase, which functions as an adjective<sup>11</sup>, normally follows the word it modifies<sup>12</sup> or is otherwise placed as closely as possible to the word it modifies.<sup>12</sup> In fact, a common mistake in English grammar is the use of “misplaced modifier,” which is “a word, phrase, or clause that is placed incorrectly in a sentence, thus distorting the meaning.”<sup>13</sup>

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<sup>9</sup> MERRIAM-WEBSTER’S GUIDE TO PUNCTUATION AND STYLE 233 (1st edn 1995) (US-176).

<sup>10</sup> Those subparagraphs provide that a Member may take any action it considers necessary for the protection of its essential security interests “relating to fissionable materials or the materials from which they are derived,” and its essential security interests “relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying for military establishment.”

<sup>11</sup> MERRIAM-WEBSTER’S GUIDE TO PUNCTUATION AND STYLE 232 (1st edn 1995) (“A participial phrase includes a participle and functions as an adjective.”) (US-95).

<sup>12</sup> The Merriam-Webster’s Guide to Punctuation and Style provides that “[t]he adjective clause modifies a noun or pronoun and normally follows the word it modifies” and “[u]sage problems with phrases occur most often when a modifying phrase is not placed close enough to the word or words that it modifies.” MERRIAM-WEBSTER’S GUIDE TO PUNCTUATION AND STYLE 232, 233 (1st edn 1995) (US-95). The Harper’s English Grammar also provides that “adjectives and adverbial phrases, like adjectives and adverbs themselves should be placed as closely as possible to the words they modify.” HARPER’S ENGLISH GRAMMAR 186-187 (Harper & Row, 1966) (US-96).

<sup>13</sup> THE NEW YORK PUBLIC LIBRARY WRITER’S GUIDE TO STYLE AND USAGE 181 (1994) (US-177). The following example from a grammar book is informative: “A nine-year-old girl has been attacked by a pack of pit bulls returning home from school.” The author explains that “[t]he present participle phrase **returning home from school** appears to modify the noun **pack**. The sentence implies that the pit bulls were home from school, not the

20. The final subparagraph ending provides that a Member may take any action which it considers necessary for the protection of its essential security interests “taken in time of war or other emergency in international relations.” It does not speak to the nature of the security interests, but provides a temporal limitation related to the action taken. Although an adjectival phrase normally follows the word it modifies, it is “actions” – not “interests” – that are “taken”. In this case, the drafters departed from typical English usage in placing the modifier next to “its essential security interests” as opposed to “action.” However, this departure does not mean that subparagraphs (i) and (ii) should be read in a manner that is inconsistent with English grammar rules.

21. Therefore, the United States disagrees with Russia’s statement that the phrase “which it considers” does not qualify the subparagraphs, as well as its suggestion that the subparagraphs should be subject to the Panel’s testing. Rather, as explained, the subparagraph endings are part of the single relative clause, the entirety of which is left to the Member’s own judgment.

***2. A Responding Member Need Not Identify a Specific Subparagraph of Article XXI(b) to Invoke Its Right to Take Measures for the Protection of Its Essential Security Interests***

22. Russia suggests that the U.S. invocation of Article XXI(b) must be rejected because the United States “did not identify which particular subparagraph out of three applies”.<sup>14</sup> However, Article XXI(b) does not require a responding Member to invoke a specific subparagraph of the provision to invoke that Member’s right to take any action which it considers necessary for the protection of its essential security interests. Russia cites nothing in the text of Article XXI(b) that suggests one particular subparagraph must be invoked.

23. As explained in Section II.A.1, the single relative clause in Article XXI(b) that follows “action” begins with the phrase “which it considers necessary” and ends at the end of each subparagraph, and describes the situation which the Member “considers” to be present when it takes such an “action”. Because the relative clause describing the action begins with “which it considers”, the other elements of this clause are committed to the judgment of the Member taking the action.

24. Therefore, the text of Article XXI(b) does not require the Member exercising its right under Article XXI(b) to identify the relevant subparagraph ending to that provision that an invoking Member may consider most relevant. Furthermore, nothing in the text of Article XXI(b) suggests that the subparagraphs are mutually exclusive. By invoking Article XXI(b), the Member is indicating that one or more of the subparagraphs is applicable.

25. Neither is there any text in Article XXI(b) that imposes a requirement to furnish reasons for or explanations of an action for which Article XXI(b) is invoked. This understanding is

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girl.” The author corrects the sentence by placing “returning home from school” closer to the noun it modifies: “A nine-year old girl returning home from school has been attacked by a pack of pit bulls.” The Grammar Bible: Everything You Always Wanted to Know About Grammar but Didn’t Know Whom to Ask 146-147 (2nd edn 2004)(emphasis in the original)(US-178).

<sup>14</sup> Russia’s Response to the Panel’s Question 51(a), para. 181.

supported by the text of Article XXI(a), which confirms that Members are not required “to furnish any information the disclosure of which it considers contrary to its essential security interests.” It may be that a Member invoking Article XXI(b) nonetheless chooses to make information available to other Members. Indeed, the United States did make plentiful information available in relation to its challenged measures. While such publicly available information could be understood to relate most naturally to the circumstances described in Article XXI(b)(iii), the text of Article XXI does not require a responding Member to provide details relating to its invocation of Article XXI, including by identifying a specific subparagraph.

**3. *Contrary to Complainant’s Arguments, The Terms Of Article XXI(b)(iii) Support a Finding That Article XXI(b) Is Self-Judging***

26. Russia submits – referring to the report of the panel in *Russia – Traffic in Transit* – that the existence of an “other emergency in international relations” within the meaning of Article XXI(b)(iii) “is clearly capable of objective determination.”<sup>15</sup> Russia also refers to that panel’s erroneous conclusion that an “‘emergency in international relations’ belongs to the same category of objective facts and is subject to objective determination.”<sup>16</sup>

27. At one point in its responses to the Panel’s questions, Russia appears to disagree with the *Russia – Traffic in Transit* panel’s interpretation of the phrase “other emergency in international relations” as “‘a situation of armed conflict, or of latent armed conflict, or of heightened tensions or crisis, or of general instability engulfing or surround a state.’”<sup>17</sup> There, Russia suggests that an “‘emergency in international relations’ may exist in non-military situations,” and points to the French and Spanish text of the phrase (“grave tension internationale” and “grave tension internacional”, respectively) in support of this interpretation.<sup>18</sup> In the next paragraph, however, Russia appears to take a narrow view of the phrase “other emergency in international relations,” and it suggests – citing the *Russia – Traffic in Transit* panel report – that this phrase “must be understood as eliciting the same type of interests as those arising from the other matters addressed in subparagraphs of Article XXI(b), i.e. defence and military interests, maintenance of law and public order interests.”<sup>19</sup>

28. Like the panel in *Russia – Traffic in Transit*, Russia is wrong that the existence of an “other emergency in international relations” is “clearly capable of objective determination” by a WTO panel.<sup>20</sup> To the contrary, the text of subparagraph ending (iii) supports the interpretation that the applicability of Article XXI(b)(iii), like all of Article XXI(b), is self-judging.

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<sup>15</sup> Russia’s Response to the Panel’s Question 51, para. 187.

<sup>16</sup> Russia’s Response to the Panel’s Question 51, para. 187.

<sup>17</sup> Russia’s Response to the Panel’s Question 51, para. 184 (quoting *Russia – Traffic in Transit*, para. 7.76).

<sup>18</sup> Russia’s Response to the Panel’s Question 51, para. 184.

<sup>19</sup> Russia’s Response to the Panel’s Question 51, para. 185 (quoting *Russia – Traffic in Transit*, para. 7.74).

<sup>20</sup> Russia’s Response to the Panel’s Question 51, para. 187.

29. The United States agrees with Russia’s statement that an “emergency in international relations” may exist in non-military situations,<sup>21</sup> but the United States disagrees with Russia’s assertion that this phrase “must be understood as eliciting the same type of interests as those arising from the other matters addressed in subparagraphs of Article XXI(b), i.e. defence and military interests, maintenance of law and public order interests.”<sup>22</sup>

30. The term “emergency” can be defined as “a serious, unexpected, and often dangerous situation requiring action.”<sup>23</sup> In addition to being modified by the phrase “which it considers,” whether a certain situation is “serious, unexpected, and . . . dangerous” is, also by nature, a subjective determination that involves consideration of numerous factors that will vary from Member to Member. Similarly, Members may vary – based on their own unique circumstances – in their determinations of whether they consider that a particular situation “requires action.” Just as a panel cannot determine – without substituting its judgment for that of the Member – which are the essential security interests of a Member, a panel cannot determine - without substituting its own judgment for that of the Member – whether a Member considers its action to be taking place “in time of war or other emergency in international relations.”

31. Furthermore, Russia misconstrues the role of context in the interpretative exercise when it attempts to read into subparagraph (iii) the terms of the other two subparagraphs. Particularly in light of the absence of any conjunction between the subparagraphs of Article XXI(b), as discussed in more detail in the U.S. Response to the Panel’s Question 40, Russia’s reliance on subparagraphs (i) and (ii) to construe subparagraph (iii) makes little sense. Indeed, a Member may consider a variety of “security interests” to be “essential” even if they are not strictly “defence and military interests, maintenance of law and public order interests.”<sup>24</sup> A prominent example is cybersecurity, which, as the United States set forth in its response to the Panel’s Question 49, is recognized by numerous WTO Members – including Russia – as an essential security interest, the protection of which is fundamental to a sovereign state’s rights and responsibilities.<sup>25</sup>

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<sup>21</sup> Russia’s Response to the Panel’s Question 51, para. 184.

<sup>22</sup> Russia’s Response to the Panel’s Question 51, para. 185 (quoting *Russia – Traffic in Transit*, para. 7.74).

<sup>23</sup> The New Shorter Oxford English Dictionary, 4th edn, L. Brown (ed.) (Clarendon Press, 1993), 806 (US-86).

<sup>24</sup> Russia’s Response to the Panel’s Question 51, para. 185 (quoting *Russia – Traffic in Transit*, para. 7.74).

<sup>25</sup> See U.S. Response to the Panel’s Question 49. Specifically, Russia’s National Security Strategy of December 2015 discusses threats in the cyberspace extensively. Under the heading “main threats to state and public security,” Russia’s strategy lists “the activities of terrorist and extremist organizations aimed at . . . attacking and disruption the continuous operation of the Russian Federation’s vital IT infrastructure.” Russian National Security Strategy (Dec. 2015), para 43 (US-140). It further notes that “[o]ne of the main areas for ensuring national security in the spheres of science, technologies and education is the raising of the level of technological security, including in the information sphere.” Russian National Security Strategy (Dec. 2015), para 69 (US-140). Russian officials have publicly indicated that the Internet Sovereignty Law, which enables Russia to disconnect its internet from the rest of world and tighten control over the country’s internet, is necessary for security reasons, allegedly to protect Russia from “cyber attacks” carried out from the United States. Tass.com (Russian News Agency), Kremlin says cyber attacks against Russia perpetually initiated from US territory (Feb. 27, 2019), <https://tass.com/world/1046641> (US-141).

32. Finally, as the United States observed in its response to the Panel’s Questions 51 and 74(d) to (e), the term “security” is broad, such that a number of WTO Members, including Russia, appear to include a variety of considerations – including economic considerations – in their understanding of what constitutes “security.” Specifically, Russia’s 2015 National Security Strategy discusses “economic growth” as part of the country’s national security, and states that “[t]he strategic objectives of ensuring national security are the development of the country’s economy, the safeguarding of economic security, and the creation of the conditions for the development of the individual, the transition of the economy to a new level of technological development, Russia’s entry into the ranks of leading countries in terms of the volume of gross domestic product, and the successful countering of the influence of internal and external threats.”<sup>26</sup>

33. Russia’s proposed construction of Article XXI(b)(iii) – based on subparagraphs (i) and (ii) and the erroneous interpretations of the *Russia – Traffic in Transit* panel – would exclude from Article XXI(b)(iii) actions that a Member considered necessary to protect its essential security interests, unless those interests “elicit[] the same type of interests as those arising from the other matters addressed in subparagraphs of Article XXI(b), i.e. defence and military interests, maintenance of law and public order interests.”<sup>27</sup> Such a narrow construction of Article XXI(b)(iii) is not consistent with the ordinary meaning of the terms of that provision, or with Russia’s own understanding of what comprises a country’s security interests. The Context Provided By Article XXI(a) and Article XX of the GATT 1994 Supports an Understanding of Article XXI(b) as Self-judging

***a. Article XXI(a) Supports that Article XXI(b) is Self-Judging***

34. Russia’s suggestion that Article XXI(a) is not relevant to the interpretation of Article XXI(b) in this dispute is erroneous. Russia mischaracterizes the U.S. argument as stating “that Article XXI(a) shields the invoking Member from meeting its burden under Article XXI(b).”<sup>28</sup> Russia appears to suggest that Article XXI(a) does not inform how the Panel should interpret Article XXI(b), stating that “Article XXI(a) and XXI(b) of the GATT 1994 are distinct. They are structured differently and separated by conjunction ‘or’.”<sup>29</sup> Furthermore, citing the *United States – Export Restrictions* dispute, Russia argues that “in previous cases [,] the US provided information relating to its security measures, in case it did not provide specific information, it at least explained the reasons stipulating [sic] not to do this.”<sup>30</sup> Lastly, Russia states that there is ample information about the challenged measures in this dispute, suggesting that Article XXI(a) is not applicable in this dispute.<sup>31</sup>

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<sup>26</sup> Russian National Security Strategy (Dec. 2015), para. 55 (US-140).

<sup>27</sup> Russia’s Response to the Panel’s Question 51, para. 185 (quoting *Russia – Traffic in Transit*, para. 7.74).

<sup>28</sup> Russia’s Response to the Panel’s Question 53, para. 195.

<sup>29</sup> Russia’s Response to the Panel’s Question 53, para. 196.

<sup>30</sup> Russia’s Response to the Panel’s Question 53, para. 196.

<sup>31</sup> Russia’s Response to the Panel’s Question 53, para. 196.



35. Russia’s suggestion that the immediate context of Article XXI(b) – Article XXI(a) – is not relevant to the interpretation of Article XXI(B) in this dispute is erroneous and inconsistent with customary rules of interpretation under international law. In addition, contrary to Russia’s argument, the discussions in *United States Export Restrictions* support the U.S. interpretation that neither Article XXI(a) nor Article XXI(b) imposes an obligation on a Member to furnish information, and confirm that the United States is not required to furnish information implicating its essential security interests in this case.

36. As an initial matter, the United States is not arguing “that Article XXI(a) shields the invoking Member from meeting its burden under Article XXI(b).”<sup>32</sup> Under the Vienna Convention, the Panel must interpret the terms of the GATT 1994 according to their ordinary meaning, in context and in light of the object and purpose of the GATT 1994. Article XXI(a) is immediate context for understanding the ordinary meaning of the terms of Article XXI(b). Article XXI(a) states that “[n]othing in this Agreement shall be construed . . . to require any contracting party to furnish any information the disclosure of which it considers contrary to its essential security interests.” That is, a Member need not provide any information—to a WTO panel or other Members—regarding its essential security measures or its underlying security interests. In this way, Article XXI(a) anticipates that there may not be facts on the record before a panel that could be used to “test” (as complainant urges) a Member’s invocation of Article XXI(b).

37. Article XXI(b) cannot be interpreted so as to undermine a responding Member’s rights under Article XXI(a). Interpreting Article XXI(b) as subjecting a Member’s security measures to review by a panel effectively requires that Member to furnish information concerning its essential security measure. This would mean that, at least in some instances, a Member exercising its rights under Article XXI(a) to withhold “information the disclosure of which it considers contrary to its essential security interests” may thereby not be able to demonstrate that its measure meets whatever standard is applied by a panel. In such a situation, a Member may be required to choose between exercising its rights under Article XXI(a) and Article XXI(b). While it may not be that such a conflict would arise in every instance, the Panel must avoid any interpretation of one provision that could undermine or even invalidate the effectiveness of another.<sup>33</sup> The fact that there may be plentiful information available in relation to the challenged measures in this dispute does not alter this conclusion.

38. Russia’s reliance on the *United States Export Restrictions* dispute is also unavailing. In *United States Export Restrictions*, Czechoslovakia requested that the GATT Council decide under Article XXIII whether the United States had failed to carry out its GATT obligations through its administration of export licenses.<sup>34</sup> In response, the United States invoked Article

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<sup>32</sup> Russia’s Response to the Panel’s Question 53, para. 195.

<sup>33</sup> As scholars have noted, “the principle of good faith in the process of interpretation underlies the concept that interpretation should not lead to a result which is manifestly absurd or unreasonable.” Ian Sinclair, *THE VIENNA CONVENTION ON THE LAW OF TREATIES*, Manchester University Press, 2nd edn (1984), at 120 (US-175).

<sup>34</sup> GATT Contracting Parties Third Session, Agenda (Revised 8<sup>th</sup> April), GATT/CP.3/2/Rev.2 (Apr. 8, 1949), item 14 (“Request of the Government of Czechoslovakia for a decision under Article XXIII as to whether or not the

XXI and proposed that Czechoslovakia’s request be dismissed.<sup>35</sup> While the U.S. delegate provided information concerning the challenged export controls measures, the U.S. delegate began the explanation with a statement that he will “prove the falseness of both those charges with many more facts than may actually be required.”<sup>36</sup>

39. While the U.S. delegate shared general information concerning the administration of the export controls measures, after noting the language in Article XXI(a), he explained that “[t]he United States does consider it contrary to its security interest – and to the security interest of other friendly countries – to reveal the names of the commodities that it considers to be most strategic.”<sup>37</sup> Without revealing those names, he continued to explain generally the processes concerning commodities that are subject to particularly careful scrutiny. At the end of the reply, the U.S. delegate again explained that he felt he “ha[d] gone a good deal further than was required.”<sup>38</sup>

***b. Article XX Supports that Article XXI(b) is Self-Judging***

40. In response to the Panel’s Question 52(b), after discussing superficial similarities between Article XX and XXI(b), Russia concludes, “Subparagraphs is [sic] both cases establish that in order to justify the Member’s measure/action as being subject to particular exception, it must come under one of the particular subparagraphs.”<sup>39</sup> In response to the Panel’s Question 52(c), Russia argues that “[t]he legal consequence of characterization [of] Article XX and XXI(b) as affirmative defences is allocation of the burden of proof,” such that “the US must prove that the measures at issue are consistent with the requirements of Article XXI (b) of the GATT 1994” and “[i]n particular, to show the existence of one of three enumerated subparagraphs.”<sup>40</sup> Russia’s argument ignores the important textual differences between Article XX and Article XXI(b).

41. In both Article XX and Article XXI, the sentence begins in the chapeau and ends at the end of each subparagraph ending. But while there may be surface-level similarities between

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Government of the United States has failed to carry out its obligations under the Agreement through its administration of the issue of export licenses.”) (US-24).

<sup>35</sup> Reply by the Vice-Chairman of the United States Delegation, Mr. John W. Evans, to the Speech by the Head of the Czechoslovak Delegation under Item 14 of the Agenda, GATT/CP.3/38 (June 2, 1949), at 2—3 & 4 (US-26) (referring to provisions of GATT Article XXI and stating that the United States is “making use of these exceptions”); Summary Record of the Twenty-Second Meeting, GATT/CP.3/SR.22 (June 8, 1949), at 5 (US-27) (proposing dismissal of Czechoslovakia’s request).

<sup>36</sup> Reply by the Vice-Chairman of the United States Delegation, Mr. John W. Evans, to the Speech by the Head of the Czechoslovak Delegation under Item 14 of the Agenda, GATT/CP.3/38 (June 2, 1949), at 2 (US-26).

<sup>37</sup> Reply by the Vice-Chairman of the United States Delegation, Mr. John W. Evans, to the Speech by the Head of the Czechoslovak Delegation under Item 14 of the Agenda, GATT/CP.3/38 (June 2, 1949), at 9 (US-26).

<sup>38</sup> Reply by the Vice-Chairman of the United States Delegation, Mr. John W. Evans, to the Speech by the Head of the Czechoslovak Delegation under Item 14 of the Agenda, GATT/CP.3/38 (June 2, 1949), at 14 (US-26).

<sup>39</sup> Russia’s Response to the Panel’s Question 52(b), para. 192.

<sup>40</sup> Russia’s Response to the Panel’s Question 52(c), para. 193.

Article XX and Article XXI, there are numerous important textual differences between the provisions.

42. In Article XX, for example, the subparagraphs themselves – not the chapeau – contain the operative language regarding the relation between the measure taken and the Member’s objective; namely, the measure must be, for example, “necessary to,” “relating to,” or “essential to” the relevant objective. The exception provided in Article XX(a) therefore reads: (from the chapeau) “nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures...” (from the subparagraph) “necessary to protect public morals.” In this way, it is the subparagraph that indicates on what basis a Member may avail itself of the exception – when the measure in question is “necessary to protect public morals.”

43. The chapeau of Article XX includes an additional non-discrimination requirement, which subjects a Member’s action to additional scrutiny based on the particular factual circumstances. Specifically, the chapeau states that “*Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent...*”.<sup>41</sup> Under Article XX(a), then, a Member: 1) may take a measure that is necessary to protect public morals, *but only if* 2) that measure does not arbitrarily or unjustifiably discriminate or constitute a disguised restriction on trade. It was these two substantive obligations set out in the text, therefore – not the mere presence of a chapeau followed by subparagraphs – that led the Appellate Body to its statement that the “structure and logic of Article XX” suggests a two-step analysis.<sup>42</sup> That the analysis began with the requirement set out in the subparagraphs and then moved to the requirement set out in the chapeau is coincidental.

44. By contrast, in Article XXI(b), the operative language regarding the relationship between the measure and the objective is in the chapeau —“any action which it considers necessary for the protection of its essential security interests.” As the United States has explained, the requirement for applicability of the exception is that the Member taking the action must consider that action necessary for the protection of its essential security interests. The subparagraphs of Article XXI(b), rather than identifying the obligation itself, modify the nature of the security interests involved, or in the case of subparagraph (iii), provide a temporal requirement regarding when the measure would be taken. This key difference explains why, although a panel examining an Article XX defense might look to the relationship between the measures and the objectives as set out in the subparagraph endings, it would make no sense for a panel examining an Article XXI defense to focus its analysis on the applicability of the subparagraphs. The structure and logic of Article XXI(b) is simply different from that of Article XX of the GATT 1994.

45. Regarding Russia’s explanation that “legal consequence of characterization [sic] Article XX and XXI(b) as affirmative defences is allocation of burden,” the United States recalls that

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<sup>41</sup> Emphasis added.

<sup>42</sup> *US – Shrimp*, para. 119.

neither the term “affirmative defence” nor “burden of proof” is a legal term reflected in the DSU or any other covered agreement.<sup>43</sup> These are useful concepts employed by panels and the Appellate Body to explain the legal approach taken in a particular case; they do not impose a particular order of analysis or method of evaluation on panels. Moreover, with respect to Article XXI(b), the self-judging nature of the provision is not a function of standard of review, or some general concept of discretion or deference. The self-judging nature of this exception is reflected in the text of Article XXI(b) itself. As the United States explained in the U.S. Response to the Panel’s Question 52, what is required of the party exercising its right under Article XXI(b) is that the Member consider one or more of the circumstances set forth in Article XXI(b) to be present. The invoking Member’s burden is discharged once the Member indicates, in the context of dispute settlement, that it has made such a determination.<sup>44</sup> Complainant’s characterization of Article XXI(b) as an “affirmative defense” does not change the ordinary meaning or function of its terms.

### **C. Supplementary Means of Interpretation – Including Uruguay Round Negotiating History – Confirm that Actions Under Article XXI are not Subject to Review**

46. Although not necessary in this dispute, supplementary means of interpretation – including negotiating history of the Uruguay Round – confirms that Article XXI(b) is self-judging. First, Uruguay Round drafters retained the text of Article XXI(b) – unchanged and in its entirety – when that provision was incorporated into the GATT 1994. Uruguay Round drafters also incorporated security exceptions with the same self-judging terms into GATS and TRIPS. In addition, Uruguay Round negotiators of the DSU discussed the reviewability of Article XXI, and decided *not* to include in the DSU specific terms that would have diverged from the longstanding understanding that actions taken pursuant to Article XXI are not reviewable.

47. These decisions by Uruguay Round negotiators are notable, particularly in light of the alternative approaches to security exceptions that had been incorporated into other treaties between 1947 and 1994. While some treaties simply incorporated by reference Article XXI or used very similar terms, other treaties offered significantly different approaches to when security exceptions would apply and the extent to which action taken pursuant to such exceptions could be reviewable. By retaining Article XXI unchanged in the GATT 1994, incorporating the same text into the GATS and TRIPS security exceptions, and by not including in the DSU specific terms that would have diverged from the longstanding interpretation of Article XXI(b), the Uruguay Round drafters indicated that they were well aware of the manner in which Article XXI had been interpreted since its drafting, and were comfortable continuing with that interpretation.

48. As the United States has explained, the drafting history of Article XXI(b) dates back to negotiations to establish the International Trade Organization of the United Nations (ITO). Numerous statements by the drafters of the text that became Article XXI(b) confirm that negotiators intended for this provision to be self-judging by the acting Member, and that the

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<sup>43</sup> Russia’s Response to the Panel’s Question 52(c), para. 193; U.S. Response to the Panel’s Question 52.

<sup>44</sup> U.S. Response to the Panel’s Question 52.

appropriate remedy for such measures is a non-violation, nullification or impairment claim.<sup>45</sup> For example, in a meeting of July 24, 1947, Australia withdrew an objection to the essential security provision after receiving assurance that a Member affected by essential security actions would have redress pursuant to then-Article 35(2) of the draft ITO Charter.<sup>46</sup> At that time, Article 35(2) permitted consultations concerning the application of any measure which nullified or impaired any object of the ITO charter, “whether or not it conflicts with the terms of this Charter.”<sup>47</sup>

49. In the same meeting, the Chairman asked whether actions taken pursuant to the essential security exception “should not provide for any possibility of redress.”<sup>48</sup> The U.S. delegate responded that such actions “could not be challenged in the sense that it could not be claimed that the Member was **violating** the Charter,” although “redress **of some kind** under Article 35” would be available.<sup>49</sup> The record reveals no disagreement with the U.S. delegate, and in fact the Australian delegate expressed appreciation for this assurance. The exchange demonstrates that the delegates were referring to a non-violation claim – not an alleged violation of the Charter – when discussing the redress available to Members affected by essential security actions.<sup>50</sup>

50. Furthermore, as discussed in Section II.C.1 to 3 below, numerous decisions by Uruguay Round negotiators confirm that they were well aware of – and did not intend to alter – the longstanding interpretation of Article XXI. Specifically, as discussed in Section II.C.1 below, Uruguay Round negotiators decided to maintain Article XXI in the GATT 1994 – unchanged and in its entirety – even when presented with proposals to alter that text.

51. Furthermore, Uruguay Round negotiators also decided to incorporate security exceptions with the same self-judging terms in GATS and TRIPS, as discussed in Section II.C.2 below. That is, in addition to retaining this language in the GATT 1994, all of which remained unchanged, Uruguay Round negotiators also chose to retain the original GATT 1947 language in new covered agreements, the language of which was drafted at that time. In addition, as discussed in Section II.C.3 below, Uruguay Round negotiators of the DSU also discussed the reviewability of Article XXI, and decided *not* to include in the DSU specific terms that would

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<sup>45</sup> See U.S. Responses to the Panel’s Questions 59 and 62; U.S. Oral Opening Statement, Part D; U.S. First Written Submission of the United States of America, Section III.A.3.

<sup>46</sup> Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, Verbatim Report, E/PC/T/A/PV/33 (July 24, 1947), at 26-30 (US-41).

<sup>47</sup> Report of the Drafting Committee of the Preparatory Committee of the United Nations Conference on Trade and Employment, E/PC/T/34 (Mar. 5, 1947), Chapter V, General Commercial Provisions, Most-Favoured-Nation Treatment, Section H, General Exceptions, Article 35, Consultation—Nullification or impairment, at 30 (US-33).

<sup>48</sup> Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, Verbatim Report, E/PC/T/A/PV/33 (July 24, 1947), at 26 (US-41).

<sup>49</sup> Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, Verbatim Report, E/PC/T/A/PV/33 (July 24, 1947), at 26—27 (emphases added) (US-41).

<sup>50</sup> Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, Verbatim Report, E/PC/T/A/PV/33 (July 24, 1947), at 26—27 (emphases added) (US-41) & Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, Corrigendum to Verbatim Report, E/PC/T/A/PV/33.Corr.3 (July 30, 1947) (US-92).

have diverged from the longstanding understanding that actions taken pursuant to Article XXI are not reviewable.

52. These decisions by the Uruguay Round negotiators are striking, particularly considering that, as discussed in Section II.C.4, some trade agreements negotiated between 1947 and the Uruguay Round, including agreements negotiated by GATT contracting parties, had in fact developed security exceptions that differed in important ways from the GATT 1947. That Uruguay Round negotiators also decided not to follow the approach of these intervening trade agreements, however – neither in the GATT 1994, nor in GATS or TRIPS, nor in the DSU – reflects that the Uruguay Round negotiators, by retaining the unchanged text of Article XXI, did not intend to depart from their predecessors regarding the interpretation of Article XXI. These intentions of the drafters – including the Uruguay Round drafters – must be given effect in this dispute.

### ***1. Uruguay Round Negotiators Rejected Proposals to Alter the Terms of Article XXI***

53. Uruguay Round discussions indicate that these negotiators in fact *agreed* with the statements made by their predecessors in 1947. As discussed in the U.S. Response to the Panel’s Question 62, during the Uruguay Round the Negotiating Group on GATT Articles rejected proposals by Nicaragua and Argentina to amend Article XXI in a manner that would have limited Members’ discretion when taking action under that provision.<sup>51</sup> In these discussions – which took place in June 1988 – some delegates emphasized the sensitivity of issues presented under Article XXI and the need to preserve Members’ discretion with respect to such issues.<sup>52</sup> These Members further suggested that “it was unrealistic to think of a GATT body placing conditions on [Article XXI’s] use since only the individual contracting party concerned was ultimately in a position to judge what its security interests were.”<sup>53</sup> Another delegation opined that “since the GATT has no competence in the determination of questions of security or of a political nature, it seemed doubtfully useful to set up any institutional test to determine whether a matter was security-related or political.”<sup>54</sup>

54. With these statements, negotiators during the Uruguay Round expressed views consistent with those expressed by the negotiators of Article XXI – namely, that matters of essential security under Article XXI are left to the judgment of the invoking Member. In fact, even those delegations that agreed with Nicaragua and Argentina acknowledged this meaning of the existing

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<sup>51</sup> See Negotiating Group on GATT Articles, Article XXI Proposal by Nicaragua, MTN.GNG/NG7/W/48 (June 18, 1988) (US-150); Negotiating Group on GATT Articles, Communication from Argentina, MTN.GNG/NG7/W/44 (Feb. 19, 1988) (US-151).

<sup>52</sup> Negotiating Group on GATT Articles, Note on Meeting of 27-30 June 1988, MTN.GNG/NG7/8 (July 21, 1988), at 2 (US-153).

<sup>53</sup> Negotiating Group on GATT Articles, Note on Meeting of 27-30 June 1988, MTN.GNG/NG7/8 (July 21, 1988), at 2 (US-153).

<sup>54</sup> Negotiating Group on GATT Articles, Note on Meeting of 27-30 June 1988, MTN.GNG/NG7/8 (July 21, 1988), at 2–3 (US-153).

text of Article XXI. Meeting minutes indicate that some delegations “shared the view that there was a danger of [Article XXI] being abused if governments were not cautious in its invocation.”<sup>55</sup> As such statements indicate, Uruguay Round negotiators did not intend to alter the self-judging nature of Article XXI, and they rejected proposals that would have done so.

## ***2. Uruguay Round Negotiators Decided to Repeat the Pivotal Language of Article XXI in the Security Exceptions of GATS and TRIPS***

55. Uruguay Round negotiators also decided to include, in GATS and TRIPS, security exceptions that mirror Article XXI in relevant part. Specifically, like Article XXI, the security exceptions in GATS and TRIPS refer to actions that a Member “considers necessary”; security exceptions are separate from general exceptions for public morals, health, and other matters; and general exceptions – but not security exceptions – are explicitly subject to review. The Uruguay Round drafters’ decision to use, in the GATS and TRIPS security exceptions, the same text as was used in Article XXI further confirms that Uruguay Round drafters were aware of the self-judging nature of this exception and did not intend to alter it.

56. The negotiating history of the GATS demonstrates the deliberate choice of Uruguay Round negotiators to repeat these crucial aspects of Article XXI. During GATS negotiations, some Members suggested draft security exceptions that would have diverged from the text of Article XXI by merging the security exceptions with general exceptions, omitting the pivotal “it considers” language from the security exceptions, and subjecting essential security measures to review for non-discrimination.<sup>56</sup>

57. For example, in its GATS proposal of June 1990, Switzerland included a provision called “Exceptions for Public Order and National Security” which referred to “measures that are necessary to protect” certain interests, rather than using Article XXI’s pivotal “it considers” language.<sup>57</sup> Switzerland’s proposal also would have treated in the same manner both measures necessary to protect “essential national security interests” and measures necessary to protect “public morals, public order, safety, health, or the environment,” and required that “measures necessary to protect” these interests “shall not be applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between PARTIES, a disguised restriction on trade in services, or a means of circumventing the objectives of the Agreement.”<sup>58</sup>

58. Similarly, a joint proposal by Brazil, Chile, Colombia, Cuba, Honduras, Jamaica, Nicaragua, Mexico, Peru, Trinidad and Tobago, and Uruguay, included an exception for

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<sup>55</sup> Negotiating Group on GATT Articles, Note on Meeting of 27-30 June 1988, MTN.GNG/NG7/8 (July 21, 1988), at 3 (US-153).

<sup>56</sup> See Communication from Switzerland, MTN.GNS/W/102 (June 7, 1990), at 10 (US-102); Communication from Brazil, Chile, Colombia, Cuba, Honduras, Jamaica, Nicaragua, Mexico, Peru, Trinidad and Tobago and Uruguay, MTN.GNS/W/95 (Feb. 26, 1990), at 9 (US-183).

<sup>57</sup> See Communication from Switzerland, MTN.GNS/W/102 (June 7, 1990), at 10 (US-183).

<sup>58</sup> See Communication from Switzerland, MTN.GNS/W/102 (June 7, 1990), at 10 (US-183).

“measures consistent with international law that are . . . necessary,”<sup>59</sup> and did not include the pivotal “it considers” language from Article XXI. This joint proposal also would have treated in the same manner measures “[n]ecessary to protect national security” as measures “necessary to protect public morals, cultural and social values, public order, safety or health.”<sup>60</sup> Finally, similar to the Swiss proposal, this joint proposal required that “[s]uch measures [including national security measures] shall not be used as a means to circumvent the objectives, principles and disciplines of this Framework nor as disguised restrictions on international trade in services.”<sup>61</sup>

59. By contrast, the security exceptions in GATS proposals put forward by the United States (in October 1989), the EC (in June 1990), and Japan (in July 1990) mirrored Article XXI in relevant part.<sup>62</sup> Specifically:

- First, all three proposals used the pivotal language from Article XXI and referred to action that a Member “considers necessary” for the protection of its essential security interests.<sup>63</sup>
- Second, all three proposals also separated the exceptions for essential security matters from the exceptions for public morals, health, and other matters.
- Third, all three proposals included a non-discrimination requirement in the exception for public morals, health, and similar matters – but did not include such a requirement in the essential security exception.<sup>64</sup>
- Fourth, the GATS proposals from the United States, Japan, and the EC also repeated the language of Article XXI(b)(iii) referring to action “taken in time of war or other

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<sup>59</sup> Communication from Brazil, Chile, Colombia, Cuba, Honduras, Jamaica, Nicaragua, Mexico, Peru, Trinidad and Tobago and Uruguay, MTN.GNS/W/95 (Feb. 26, 1990), at 9 (US-184).

<sup>60</sup> Communication from Brazil, Chile, Colombia, Cuba, Honduras, Jamaica, Nicaragua, Mexico, Peru, Trinidad and Tobago and Uruguay, MTN.GNS/W/95 (Feb. 26, 1990), at 9 (US-184).

<sup>61</sup> Communication from Brazil, Chile, Colombia, Cuba, Honduras, Jamaica, Nicaragua, Mexico, Peru, Trinidad and Tobago and Uruguay, MTN.GNS/W/95 (Feb. 26, 1990), at 9 (US-184).

<sup>62</sup> See Communication from the United States, MTN.GNS/W/75 (Oct. 17, 1989), at 12 (US-185); Proposal by the European Community, MTN.GNS/W/105 (June 18, 1990), at 13 (US-186); Communication from Japan, MTN.GNS/W/107 (July 10, 1990), at 12 (US-187).

<sup>63</sup> See Communication from the United States, MTN.GNS/W/75 (Oct. 17, 1989), at 12 (US-185); Proposal by the European Community, MTN.GNS/W/105 (June 18, 1990), at 13 (US-186); Communication from Japan, MTN.GNS/W/107 (July 10, 1990), at 12 (US-187).

<sup>64</sup> See Communication from the United States, MTN.GNS/W/75 (Oct. 17, 1989), at 12 (US-185); Proposal by the European Community, MTN.GNS/W/105 (June 18, 1990), at 13 (US-186); Communication from Japan, MTN.GNS/W/107 (July 10, 1990), at 12 (US-187).



emergency in international relations.”<sup>65</sup> The repetition of this language in these three proposals (and in the final version of the agreement) is particularly notable in light of the existence of alternative approaches, as discussed in Section II.C.4 below.

60. Notably, the EC’s GATS proposal appears to acknowledge the self-judging nature of essential security actions by including the following text at the end of its proposed sub-paragraph on security exceptions: “In taking action under this paragraph, *parties* shall take into consideration the interests of third parties which may be affected.”<sup>66</sup> By stating that “parties shall take into consideration” the interests of third parties, the EC acknowledged that it was the parties – now Members – that would be choosing whether to take action under this provision. The EC also acknowledged the 1982 Decision Concerning Article XXI by providing in its proposal that “All parties affected by action under this Article retain their full rights under this Agreement.”<sup>67</sup> This language indicates that the EC was mindful of the 1982 Decision when it prepared its draft GATS text – and yet retained the self-judging reference to actions a Member “considers necessary for the protection of its essential security interests.”

61. In the GATS draft prepared by the chairman of the negotiating group in late July 1990, the security exceptions provision reflected in relevant part the proposals by the United States, Japan, and the EC.<sup>68</sup> Specifically, in this July 1990 chairman’s draft, the security and general exceptions were separate sub-paragraphs of the exceptions provision at Article XIV, and the sub-paragraph on security exceptions lacked a non-discrimination proviso while permitting measures that a Member “considers necessary” to protect its essential security interests.<sup>69</sup> This deliberate choice of exceptions language demonstrates that the GATS drafters—like the drafters of the GATT 1947 (and the GATT 1994)—intended to distinguish security exceptions from general exceptions, and that security exceptions were to be self-judging and not subject to review for non-discrimination.

62. These aspects of the draft GATS exceptions text remained in the December 1990 draft of the agreement.<sup>70</sup> The December 1991 draft GATS text further distinguished security exceptions from general exceptions, as the general exceptions remained in Article XIV while the security exceptions were placed into a new article, Article XIVbis.<sup>71</sup> This adjustment further confirms

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<sup>65</sup> Communication from the United States, MTN.GNS/W/75 (Oct. 17, 1989), at 12 (US-185); Proposal by the European Community, MTN.GNS/W/105 (June 18, 1990), at 13 (US-186); Communication from Japan, MTN.GNS/W/107 (July 10, 1990), at 12 (US-187).

<sup>66</sup> Proposal by the European Community, MTN.GNS/W/105 (June 18, 1990), at 13 (emphasis added) (US-186).

<sup>67</sup> Proposal by the European Community, MTN.GNS/W/105 (June 18, 1990), at 13 (using language similar to the Decision Concerning Article XXI Of The General Agreement, L/5426 (Dec. 2, 1982) (US-62)) (US-186).

<sup>68</sup> See Draft Multilateral Framework for Trade in Services, MTN.GNS/35 (July 23, 1990), at 11—12 (US-188).

<sup>69</sup> See Draft Multilateral Framework for Trade in Services, MTN.GNS/35 (July 23, 1990), at 11—12 (US-188).

<sup>70</sup> See Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, MTN.TNC/W/35/rev.1 (Dec. 3, 1990), at 347—48 (US-189).

<sup>71</sup> Draft Final Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, MTN.TNC.W.FA (Dec. 20, 1991), at Annex II, pp. 17—19 (US-190)).

that the GATS essential security exception that was finally incorporated at GATS Article XIVbis(2)(b) is self-judging, and unlike the general exceptions that remained in the final Article XIV, this provision is not subject to review for non-discrimination.

63. The TRIPS negotiations similarly show that the drafters intended to incorporate into that agreement a security exception that would mirror the self-judging security exception at GATT Article XXI(b) and that would not be subject to review for non-discrimination. In fact, a July 1990 draft TRIPS agreement would have explicitly incorporated GATT exceptions by providing that “[o]ther provisions of the [GATT] shall apply to the extent that [TRIPS] does not provide for more specific rights, obligations and exceptions thereof.”<sup>72</sup> By December 1991, however, this reference to GATT had been replaced in relevant part by language that mirrored GATT 1994 Article XXI(b),<sup>73</sup> and this language remained in the final TRIPS text.

64. Thus, presented again with the choice of whether to diverge from the language of Article XXI—and the discretion it bestows upon a Member taking action it considers necessary for the protection of its essential security interests—Uruguay Round negotiators again decided to use the language of Article XXI in the security exceptions at TRIPS Article 73 and GATS Article XIVbis. This decision by the Uruguay Round negotiators confirms that these negotiators were well aware of the manner in which this provision had been interpreted, and were comfortable continuing with that interpretation.

### ***3. Uruguay Round Negotiators Declined to Include Language in the DSU that Would Alter the Longstanding Interpretation of Article XXI***

65. Finally, Uruguay Round negotiators discussed the potential reviewability of Article XXI in the context of dispute settlement negotiations and decided *not* to include in the DSU language that would alter the longstanding interpretation of Article XXI as self-judging.

66. In a November 1987 communication to the Negotiating Group on Dispute Settlement, Nicaragua described its “disappointing” experiences with dispute settlement under the GATT 1947, including its 1985 dispute with the United States in which the United States invoked Article XXI.<sup>74</sup> Nicaragua proposed, among other things, that when a panel had been established to resolve a dispute, “[n]o contracting party may oppose examination of the applicability of GATT provisions and compliance with them” and that “[a]ny panel must reach a clear conclusion regarding nullification and impairment of benefits.”<sup>75</sup>

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<sup>72</sup> See Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Status of Work in the Negotiating Group, Chairman’s Report to the GNG, MTN.GNG/NG11/W/76 (July 23, 1990), at 78 (US-191).

<sup>73</sup> Draft Final Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, MTN.TNC/W/FA (Dec. 20, 1991), at 90 (setting forth Article 73: Security Exceptions in the draft TRIPS Agreement) (US-190).

<sup>74</sup> Negotiating Group on Dispute Settlement, Communication from Nicaragua, MTN.GNG/NG13/W/15 (Nov. 6, 1987), at 2, 8 (US-192).

<sup>75</sup> Negotiating Group on Dispute Settlement, Communication from Nicaragua, MTN.GNG/NG13/W/15 (Nov. 6, 1987), at 2, 8 (US-192).

67. At a meeting shortly after Nicaragua made this proposal, negotiators of the DSU discussed a variety of topics, including “GATT Article XXI and its review by a GATT panel.”<sup>76</sup> Minutes from that meeting suggest that negotiators did not discuss Nicaragua’s proposal in a substantive way. Certainly nothing in the record of this meeting indicates that negotiators intended that the DSU would alter the manner in which Article XXI had been interpreted during the previous four decades. In an addendum to the minutes of that meeting, Chile agreed with some portions of Nicaragua’s statement, but disagreed with other portions, including the lack of any reference to Article XXI, which it described as “fully valid.”<sup>77</sup> Nicaragua’s proposal was not incorporated into the DSU.

68. Numerous statements by the drafters of the DSU further confirm that the DSU does not alter the ordinary meaning of the terms of the covered agreements. For example, in a meeting of the Negotiating Group on Dispute Settlement on June 25, 1987, negotiators “expressed the view that the GATT dispute settlement procedures should not be used to create, by constructive interpretation, obligations which were not established in the text of the General Agreement.”<sup>78</sup> Instead, these negotiators opined that “[p]anel should merely interpret and apply existing GATT rules to the particular sets of circumstances in the disputes before them without purporting to create new obligations.”<sup>79</sup> Similarly, during the group’s discussions of developing countries and dispute settlement, one delegation “noted that the Group’s mandate did not include the negotiation of new substantive rights for contracting parties.”<sup>80</sup>

69. In sum, numerous decisions of the Uruguay Round negotiators – their rejection of proposed changes to Article XXI, their repetition of Article XXI’s pivotal language in the GATS and TRIPS security exceptions, and their decision not to include language in the DSU that would alter the interpretation of Article XXI – confirm that these Uruguay Round negotiators were well aware of the existing interpretation of Article XXI, and that they agreed with that interpretation. This Uruguay Round negotiating history further confirms the interpretation of Article XXI. Notably, other GATT and WTO agreements also used language similar to that of Article XXI and maintained the same self-judging approach to essential security exceptions.<sup>81</sup>

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<sup>76</sup> Negotiating Group on Dispute Settlement, Meeting of November 20, 1987, Note by the Secretariat, MTN.GNG/NG13/5 (Dec. 7, 1987), at 3 (US-193).

<sup>77</sup> Negotiating Group on Dispute Settlement, Meeting of November 20, 1987, Note by the Secretariat, Addendum, MTN.GNG/NG13/5/Add.1 (Apr. 29, 1988), at 2 (US-194).

<sup>78</sup> Negotiating Group on Dispute Settlement, Meeting of June 25, 1987, Note by the Secretariat, MTN.GNG/NG13/2 (July 15, 1987), at 5 (US-195).

<sup>79</sup> Negotiating Group on Dispute Settlement, Meeting of June 25, 1987, Note by the Secretariat, MTN.GNG/NG13/2 (July 15 1987), at 5 (US-195).

<sup>80</sup> Negotiating Group on Dispute Settlement, Meeting of July 11, 1988, Note by the Secretariat, MTN.GNG/NG13/9, para. 7 (July 21, 1988) (US-196).

<sup>81</sup> Specifically the Tokyo Round Agreement on Government Procurement retained the distinction between security exceptions and general exceptions and mirrored the pivotal “it considers” language of Article XXI in the security exception. *See* Tokyo Round Code on Government Procurement (1979), Article VIII (US-198). By doing so, the Tokyo Round GPA – consistent with Article XX and Article XXI – ensured that a party would judge for itself whether it considers action necessary for the protection of its essential security interests while measures

#### ***4. Uruguay Round Negotiators Made These Decisions Despite the Existence of Other Approaches to Security Exceptions at that Time***

70. These decisions by Uruguay Round negotiators are particularly notable in light of the various approaches to security exceptions that had been included in trade agreements since 1947. Some post-1947 agreements, such as the 1985 Agreement on the Establishment of a Free Trade Area between Israel and the United States, simply incorporated by reference Article XX and Article XXI of the GATT 1947.<sup>82</sup> Other agreements, such as the Treaty of Rome and Agreement on the European Economic Area (EEA Agreement), reflect significant deviations from the text of Article XXI, including by expressly providing for the review of measures taken by a government for essential security purposes.

##### *Treaty of Rome*

71. The Treaty of Rome, now known as the Treaty on the Functioning of the European Union (TFEU) was signed on March 25, 1957 by representatives of Belgium, Germany, France, Italy, Luxembourg, and The Netherlands. Since that time, other EU Member States have joined the agreement and it has been renamed the TFEU and its provisions renumbered. The security exceptions remain the same as they were in 1957, however, and these provisions are very different from those present in the GATT 1947. As the relevant Treaty of Rome (and TFEU) provisions state:

ARTICLE 223 [now TFEU Article 346]

1. The provisions of this Treaty shall not preclude the application of the following rules:

(a) No Member State shall be obliged to supply information the disclosure of which it considers contrary to the essential interests of its security;

(b) Any Member State may take such measures as it considers necessary for the protection of the essential interests of its security which are connected with the production of or trade in arms, munitions and war material; such measures shall not adversely affect the conditions of competition in the common market regarding products which are not intended for specifically military purposes.

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sought to be justified under the general exceptions would be subject to review for necessity and non-discriminatory application. *See* Tokyo Round Code on Government Procurement (1979), Article VIII (US-198). The text of this provision remained largely unchanged as the GPA was revised in 1988, 1994, and 2012. *See* Agreement on Government Procurement, Revised Text (1988), Article VIII (US-199) (same as Article VIII 1979 GPA); Agreement on Government Procurement, Article XXIII (1994) (same as Article VIII of 1979 GPA except adding a colon in Article VIII(2) as follows “imposing or enforcing measures; necessary to protect public morals”) (emphasis added) (US-200); Agreement on Government Procurement, Article III (same as Article XXIII of the 1994 GPA, except dividing the text of subparagraph 2 into sub-paragraphs) (US-201).

<sup>82</sup> See Agreement on the Establishment of a Free Trade Area between the Government of Israel and the Government of the United States of America, Article 7 (“[GENERAL AND SECURITY EXCEPTIONS] Article XX and XXI of the GATT are hereby incorporated into and made a part of this Agreement.”) (US-197).

2. During the first year after the entry into force of this Treaty, the Council shall, acting unanimously, draw up a list of products to which the provisions of paragraph 1(b) shall apply. 3. The Council may, acting unanimously on a proposal from the Commission, make changes in this list.

ARTICLE 224 [now TFEU Article 347]

Member States shall consult each other with a view to taking together the steps needed to prevent the functioning of the common market being affected by measures which a Member State may be called upon to take in the event of serious internal disturbances affecting the maintenance of law and order, in the event of war, serious international tension constituting a threat of war, or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security.

ARTICLE 225 [now TFEU Article 348]

If measures taken in the circumstances referred to in Articles 223 and 224 have the effect of distorting the conditions of competition in the common market, the Commission shall, together with the State concerned, examine how these measures can be adjusted to the rules laid down in this Treaty. By way of derogation from the procedure laid down in Articles 169 and 170, the Commission or any Member State may bring the matter directly before the Court of Justice if it considers that another Member State is making improper use of the powers provided for in Articles 223 and 224. The Court of Justice shall give its ruling in camera.<sup>83</sup>

72. With the terms of these provisions, the drafters of the Treaty of Rome – writing just 10 years after the GATT 1947 – approached security matters differently from the drafters of the GATT 1947. Article 223 of the Treaty of Rome – similar to Article XXI(b) – refers to “measures as it [a Member State] considers necessary for the protection of the essential interests of its security.” Slightly different language appears in Article 224 of the Treaty of Rome, however, which refers to “measures which a Member State may be called upon to take” and requires Member States to “consult each other with a view to taking together the steps needed to prevent the functioning of the common market being affected” in the circumstances described in that article.<sup>84</sup>

73. Notably, the Treaty of Rome drafters included *additional* language in Article 225 which would explicitly subject such measures to review in certain circumstances. Specifically, Article 225 imposes Commission review of “measures taken in the circumstances referred to in Articles 223 and 224” when such measures have “the effect of distorting the conditions of competition in the common market.” Article 225 further describes the manner in which this review shall occur, and states that “the Commission shall, together with the state concerned, examine how these measures can be adjusted to the rules laid down in this treaty.” Article 225 further permits

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<sup>83</sup> Treaty of Rome, Articles 223-225 (US-181)

<sup>84</sup> Treaty of Rome, Article 224 (US-181).

involvement by the European Court of Justice, and states that “the Commission or any Member State may bring the matter directly before the Court of Justice if it considers that another Member State is making improper use of the powers provided for in Articles 223 and 224. The Court of Justice shall give its ruling in camera.”

74. Thus, in Article 225, the Treaty of Rome drafters provided specific instructions that permit review of action that a Member State “considers necessary” in certain circumstances. Their decision to add a specific provision permitting review – and specifying the manner in which this review should occur – indicates that they felt additional language was necessary to ensure that actions taken pursuant to Article 223 and Article 224 would be subject to review. Put differently, the Treaty of Rome drafters apparently concluded that the reference in Article 223 to “measures as it [a Member State] considers necessary”, by itself, was not necessarily subject to review.

75. Furthermore, the Treaty of Rome refers to measures taken “in the event of serious internal disturbances affecting the maintenance of law and order, in the event of war [or] serious international tension constituting a threat of war.”<sup>85</sup> This language is significantly different from the reference in Article XXI(b)(iii) to “in time of war or other emergency in international relations.” Specifically, the Treaty of Rome only permits action if the “serious international tension” in question “constitut[es] a threat of war,” while the GATT 1947 (and the GATT 1994) Article XX(b)(iii) permits a Member to take action it considers necessary for the protection of its essential security interests in time of an “other emergency in international relations” – without requiring that this “other emergency” constitute a threat of war. In addition, the Treaty of Rome refers to “the event of” certain situations, while the GATT 1994 simply refers to “time of war or other emergency in international relations.”

#### *Agreement on the European Economic Area*

76. Another approach to security exceptions can be seen in the EEA Agreement, which was established in 1992 and which has been ratified by the EU Member States, Norway, Iceland, and Liechtenstein. The security exception in that agreement provides:

##### Article 123

Nothing in this Agreement shall prevent a Contracting Party from taking any measures:

- (a) which it considers necessary to prevent the disclosure of information contrary to its essential security interests;
- (b) which relate to the production of, or trade in, arms, munitions and war materials or other products indispensable for defence purposes or to research, development or production indispensable for defence purposes, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes;

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<sup>85</sup> Treaty of Rome, Article 224 (US-181).

(c) which it considers essential to its own security in the event of serious internal disturbances affecting the maintenance of law and order, in time of war or serious international tension constituting threat of war or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security.<sup>86</sup>

77. Similar to the Treaty of Rome, this provision of the EEA Agreement refers to “serious internal disturbances affecting the maintenance of law and order” and “war or serious international tension constituting threat of war”, rather than using the language of Article XXI(b)(iii), “war or other emergency in international relations.” Thus, like the Treaty of Rome – but unlike the GATT 1994 – the EEA Agreement permits action only if the “serious international tension” in question “constitut[es] a threat of war,” while the GATT 1947 (and the GATT 1994) Article XX(b)(iii) permits a Member to take action it considers necessary for the protection of its essential security interests in time of an “other emergency in international relations” – without requiring that this “other emergency” constitute a threat of war.

78. The EEA Agreement also refers to measures “which [a party] considers essential to its own security”, as opposed to the GATT 1994’s reference to action that a Member “considers necessary for the protection of its essential security interests.” Notable here is the EEA Agreement’s use of the word “essential” rather than “necessary”, and the EEA Agreements reference to “measures” which a party considers “essential to its own security”, as opposed to as “action” that a Member “considers necessary for the protection of its essential security interests.”

79. Neither Article XXI(b) of the GATT 1994 – nor the analogous security exceptions in GATS or TRIPS, nor the DSU – reflects the approaches taken in the Treaty of Rome or the EEA Agreement. None of these agreements include a provision along the lines of Article 225 of the Treaty of Rome that would explicitly provide for review of measures that a Member “considers necessary”, set out the circumstances in which this review could occur, and the manner in which review should take place. None of these agreements – particularly the DSU – contains a provision stating that any body “shall” examine a Member’s national security measures. Had the Uruguay Round drafters intended to make actions taken under Article XXI(b) reviewable in some manner, they could have adopted this language of the Treaty of Rome.

80. Furthermore, none of these agreements limits a Member’s action to action “in the event of war [or] serious international tension constituting a threat of war,” as stated in the Treaty of Rome or “in time of war or serious international tension constituting threat of war” as stated in the EEA Agreement. Nor did the Uruguay Round drafters incorporate into Article XXI any reference to “the maintenance of law and order” despite the existence of such language in both the Treaty of Rome and the EEA Agreement. Had the Uruguay Round drafters intended to limit the scope of the reference to “other emergency in international relations” to “events” that constitute a “threat of war” or refer to “the maintenance of law and order”, they could have done so by adopting this language of the Treaty of Rome and the EEA Agreement. These decisions by the drafters should be given effect.

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<sup>86</sup> Agreement on the European Economic Area, Art. 123 (US-221).

81. In sum, the existence of alternative approaches to security exceptions makes the decisions of the Uruguay Round negotiators even more striking. With knowledge of these alternative approaches to security exceptions, Uruguay Round negotiators not only *rejected* proposals to change the terms of Article XXI, but they also incorporated into the GATS and TRIPS security exceptions language identical to Article XXI and declined to include in the DSU text that would require a change to the longstanding approach to Article XXI as self-judging. In other words, Uruguay Round negotiators were aware of the possibility that essential security actions *could* be subject to review – and they chose not to incorporate into the text modifications or additional language providing for such review.

82. Among the errors of in the analysis of the panel in *Russia – Traffic in Transit* was that it interpreted Article XXI(b)(iii) on the basis of text found in other treaties, even though that text is *not* reflected in the GATT 1994. That panel suggested, “[a]n emergency in international relations” within the meaning of Article XXI(b)(iii) “appear[s] to refer generally to a situation of armed conflict, or latent armed conflict, or of heightened tension or crisis, or of general instability engulfing or surrounding a state.”<sup>87</sup> In reaching its erroneous interpretation of the phrase “other emergency in international relations” in Article XXI(b)(iii), the *Russia – Traffic in Transit* panel relied on a provision in the Covenant of the League of Nations that refers to “[a]ny war or threat of war,” terms are significantly different from those in Article XXI(b)(iii) – but terms that appear in both the Treaty of Rome and the EEA Agreement.<sup>88</sup> Thus, the *Russia – Traffic in Transit* panel appears to have deliberately inserted a meaning drawn from other treaties with different essential security text in place of the actual text used in Article XXI. This Panel should not repeat such an error, particularly in light of the numerous decisions by Uruguay Round negotiators that indicate they did not intend to diverge from the longstanding interpretation of Article XXI.

#### **D. Article 33 of the VCLT Supports Adopting an Interpretation that Best Reconciles the English, Spanish and French versions of Article XXI(b)**

83. As discussed in Section II.B, the ordinary meaning of the English text of Article XXI(b) establishes that the provision is self-judging. As discussed in Section II.D.1 below, however, the interpretation that emerges based on the ordinary meaning of the text of the subparagraphs in the English and French language versions, however, is not fully supported by the Spanish text of the subparagraphs. Specifically, the Spanish text of the three subparagraphs indicates that they must be read to modify the term “actions” in the chapeau of Article XXI(b); whereas the ordinary meaning of subparagraphs (i) and (ii) in the English and French versions is most naturally read to modify the term “interests” in the chapeau. Thus, as discussed in Section II.D.2 below, the meaning that best reconciles the texts, having regarding to the object and purpose of the treaty, must be adopted under Article 33 of the VCLT.

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<sup>87</sup> *Russia – Traffic in Transit*, para. 7.76.

<sup>88</sup> *Russia – Traffic in Transit*, para. 7.76 & note 153. As the United States explained in its response to the Panel’s Question 51, the correct understanding of the phrase “other emergency in international relations” in Article XXI(b)(iii) is as a category that includes “war” as well as other circumstances that may or may not be similar to war.



84. Reconciling the texts leads to the interpretation that all of the subparagraphs modify the terms “any action which it considers” in the chapeau, because this reading is consistent with the Spanish text, and also – while less in line with rules of grammar and conventions – permitted by the English and French texts. This reading of the text of the subparagraphs does not alter the plain meaning of the chapeau or the overall structure of Article XXI(b), however. The terms of the provision still form a single relative clause that begins in the chapeau and ends with each subparagraph, and therefore the phrase “which it considers” still modifies the entirety of the chapeau and the subparagraph endings. Therefore, reconciling the three authentic texts leads to the same fundamental meaning the United States has presented, committing the determination of whether an action is necessary for the protection of a Member’s essential security interests in the relevant circumstances to the judgment of that Member alone.

***1. Idiosyncrasies in the Spanish Text Do Not Warrant Interpreting the English Text of Article XXI(b) in a Manner Inconsistent with the Ordinary Meaning of the Text***

85. Russia argues, in error, that idiosyncrasies in the Spanish text—the existence of a comma before “relativas” in the chapeau, and the fact that “relativas” is feminine plural and therefore cannot modify the masculine plural noun “intereses”—demonstrate that the subparagraphs modify the word “action”/“medidas”.<sup>89</sup>

86. As the United States explained in detail in the U.S. Response to the Panel’s Question 41, the inclusion of “relativas” preceded by a comma (and resulting addition of “a las” in subparagraph (iii)) is likely a translation error, resulting from over-reliance on the Spanish translation of the essential security exception in the ITO Charter. The flaws in the Spanish text of Article XXI(b) become especially clear when Article XXI(b)(iii) is examined. The Spanish text of Article XXI(b)(iii) reads as if the action (“medidas”) referred to in the chapeau must relate to (“relativas a”) *another* set of measures (“las [medidas] aplicadas”), those that are applied in the temporal circumstance set forth in subparagraph (b)(iii). This reference to another set of measures does not appear in either the English or the French texts of Article XXI(b)(iii). For a chart comparing Article XXI(b) of the GATT 1994 in English, French and Spanish, please see Annex 1.

87. The comparison of the Spanish text of Article XXI(b) against the Spanish text of the security exception in Article XIVbis(b) of GATS and Article 73(b) of TRIPS—the immediate context for understanding the ordinary meaning of the Spanish text of Article XXI(b)—supports the understanding that the inclusion of “relativas” preceded by a comma is a translation error. In the GATS and TRIPS essential security exception texts, the word “relativas” is not in the main text (chapeau) but instead appears in the subparagraph endings (i) and (ii). The comma that preceded “relativas” in Article XXI(b) is also absent from the main text in the essential security provisions of GATS and TRIPS, and the “a las” in subparagraph (iii) of Article XXI(b) is also absent from the GATS and TRIPS texts. For a chart comparing Article XXI(b) of the GATT, Article XIVbis(b) of GATS and Article 73(b) of TRIPS, please see Annex 2.

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<sup>89</sup> Russia’s Response to the Panel’s Question 41, para. 148 & Question 42, paras. 149-150.

88. Given this context, the Spanish text of Article XXI(b) should be understood as conveying the same meaning as the Spanish Article XIVbis(b) of GATS and Article 73(b) of TRIPS. There is no reason to consider that these GATT 1994, GATS, and TRIPS exceptions, that are written almost identically in three languages, were meant to be understood according to one, slightly different language version of one agreement. Rather, it is logical not to attach a difference in meaning to the inclusion of a comma, placement of “relativas”, and addition of the confusing “a las” in the Spanish text of the GATT Article XXI(b)(iii).

89. The ordinary meaning of the English text of Article XXI(b) establishes that the subject matters in subparagraphs (i) and (ii) modify “its essential security interests” while the temporal limitation in subparagraph (iii) relates to “action”. As the United States explained in its Response to the Panel’s Question 40 and again in Section II.B.1 of this submission, English grammar dictates such a reading. Similarly, the ordinary meaning of the French text of Article XXI(b) establishes that the subject matters in subparagraphs (i) and (ii) modify “des intérêts essentiels de sa sécurité” while the temporal limitation in subparagraph (iii) relates to “action”/ “mesures”. Therefore, the English and French versions are in accord.

90. In contrast, under the Spanish text of Article XXI(b), each subparagraph modifies “medidas” and cannot modify “intereses”, because – as Russia points out – the feminine plural term “relativas” cannot modify the masculine plural noun “intereses”. This means that – rather than interpreting the English and French according to the grammar and structure of the Spanish and thereby interpreting them *inconsistently* with their ordinary meaning, as Russia would have the Panel do – under Article 33 of the VCLT, the meaning that best reconciles the Spanish text with the English and French texts should be adopted, as explained in Section II.D.2.

**2. Reconciling the English, Spanish and French Versions of Article XXI(b)  
Leads To An Interpretation That Is Fundamentally The Same As That  
Presented By The United States**

91. Russia’s application of Article 33 of the VCLT to the text of Article XXI(b) is flawed. Russia argues “that despite certain grammatical/structural differences, the terms and provisions contained in the three language versions should be given the same meaning.”<sup>90</sup> Citing *China – Auto Parts*, Russia explains that “[t]he Panel should strive to find a common meaning for the texts before preferring one [to] another,” and therefore should “leave aside all discrepancies and give simultaneous ordinary meaning to terms and provisions of Article XXI(b) of the GATT 1994.”<sup>91</sup> Russia thus appears to discourage the Panel from reconciling the texts, stating that “recourse to Article 33(4) is the last instance, only in case whether [sic] the panel’s efforts to render the same meaning to the terms/provisions fail.”<sup>92</sup>

92. As an initial matter, the United States observes that *China – Auto Parts* presented a different situation from the one that confronts the Panel here. In *China—Auto Parts*, the panel

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<sup>90</sup> Russia’s Response to the Panel’s Question 43(a)-(c), para. 152.

<sup>91</sup> Russia’s Response to the Panel’s Question 43(a)-(c), paras. 153-54.

<sup>92</sup> Russia’s Response to the Panel’s Question 43(d), para. 157.

interpreted the phrase “on their importation into the territory” in Article II.1(b) of the GATT 1994. In interpreting the word “on”, the panel looked at the definition of “on” in English and the definition of the corresponding words in Spanish and French, in order to determine whether “on” had a strict temporal meaning or a more flexible relational meaning. It concluded that the “only ‘simultaneous’ ordinary meaning of ‘on’ as used in each authentic language version . . . is a strict temporal meaning.”<sup>93</sup> However, the dictionary definition of the English word “on” and the corresponding words in Spanish and French all supported a strict temporal meaning, so it was clear that there was no difference in meaning.

93. In this dispute, under the ordinary meaning of the English text of Article XXI(b), the phrase “relating to” in subparagraphs (i) and (ii) modifies the term “its essential security interests”. The French text is in accord with the English text. However, under the ordinary meaning of the Spanish text of Article XXI(b), both parties agree that the feminine plural word “relativas” cannot modify “intereses”. Therefore, the texts reflect a difference in meaning that the application of Article 31 and 32 of the VCLT does not remove. As such, under VCLT Article 33(4), the meaning which best reconciles the texts shall be adopted.

94. Article 33(4) of the VCLT provides that “when a comparison of the authentic texts discloses a difference of meaning which the application of articles 31 and 32 does not remove, the meaning that best reconciles the texts, having regard to the object and purpose of the treaty, shall be adopted.”<sup>94</sup> In applying this rule, the Appellate Body has found that it is not appropriate to use two language versions to adopt a meaning different from the ordinary meaning of the third language version rather than reconciling them.<sup>95</sup>

95. This approach is consistent with the ILC’s commentary: “The existence of more than one authentic text clearly introduces a new element—comparison of the texts—into the interpretation of the treaty. But it does not involve a different system of interpretation.”<sup>96</sup> The ILC instructed:

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<sup>93</sup> *China – Auto Parts*, para 7.165.

<sup>94</sup> Vienna Convention, Article 33(4).

<sup>95</sup> Finding error in the panel’s interpretation of one provision, the Appellate Body in *Chile – Price Bands System* stated:

Indeed, the Panel came to this conclusion by interpreting the French and Spanish versions of the term ‘ordinary customs duty’ to mean something *different* from the ordinary meaning of the English version of that term. It is difficult to see how, in doing so, the Panel took into account the rule of interpretation codified in Article 33(4) of the Vienna Convention whereby ‘when a comparison of the authentic texts discloses a difference of meaning . . . , the meaning which best *reconciles* the texts . . . shall be adopted.’

*Chile – Price Band System (AB)*, para. 271 (emphasis in the report).

<sup>96</sup> *Draft Articles on the Law of Treaties with Commentaries (1966)*, YEARBOOK OF THE INTERNATIONAL LAW COMMISSION, 1966, vol. II, at 225 (US-23).

“the first rule for the interpreter is to look for the meaning intended by the parties to be attached to the term by applying the standard rules of interpretation of treaties.”<sup>97</sup> It further explained:

The plurilingual form of the treaty *does not justify the interpreter in simply preferring one text to another* and discarding the normal means of resolving an ambiguity or obscurity on the basis of the objects and purposes of the treaty, travaux préparatoires, the surrounding circumstances, subsequent practice, etc. On the contrary, *the equality of the texts means that every reasonable effort should first be made to reconcile the texts* and to ascertain the intention of the parties by recourse to the normal means of interpretation.<sup>98</sup>

96. The fact that the texts are presumed to have the same meaning in each authentic text<sup>99</sup> does not mean that the presumption needs to be rebutted before an interpreter seeks to reconcile the texts. Rather, in reconciling the texts, an interpreter is acting consistently with this presumption. In addressing the VCLT provision<sup>100</sup> which at the time combined Article 33(3) and Article 33(4), the ILC explained:

(8) Paragraph 3 therefore provides, first, that the terms of a treaty are presumed to have the same meaning in each authentic text. Then it adds that—apart from cases where the parties have agreed upon the priority of a particular text—in the event of a divergence between authentic texts a meaning which so far as possible reconciles the different texts shall be adopted.<sup>101</sup>

97. As the United States explained in its Response to the Panel’s Question 43, the most appropriate way to reconcile the textual differences between the English and French subparagraph texts on one hand, and the Spanish subparagraph text on the other—specifically the different relationship between the subparagraph endings and the chapeau terms—is to interpret Article XXI(b) such that all three subparagraph endings refer back to “any action which it considers”. This reading is consistent with the Spanish text; and also – while less in line with rules of grammar and conventions – is a reading permitted by the English and French texts.

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<sup>97</sup> *Draft Articles on the Law of Treaties with Commentaries (1966)*, YEARBOOK OF THE INTERNATIONAL LAW COMMISSION, 1966, vol. II, at 225 (US-23).

<sup>98</sup> *Draft Articles on the Law of Treaties with Commentaries (1966)*, YEARBOOK OF THE INTERNATIONAL LAW COMMISSION, 1966, vol. II, at 225 (emphasis added)(US-23).

<sup>99</sup> Vienna Convention, Article 33(3).

<sup>100</sup> This provision provided: “The terms of the treaty are presumed to have the same meaning in each authentic text. Except in the case mentioned in paragraph 1, when a comparison of the texts discloses a difference of meaning, which the application of articles 27 and 28 does not remove, a meaning which as far as possible reconciles the texts shall be adopted.”

<sup>101</sup> *Draft Articles on the Law of Treaties with Commentaries (1966)*, YEARBOOK OF THE INTERNATIONAL LAW COMMISSION, 1966, vol. II, at 225 (US-23).

98. This reading of the text of the subparagraphs does not alter the plain meaning of the chapeau or the overall structure of Article XXI(b), however. The terms of the provision still form a single relative clause that begins in the chapeau and ends with each subparagraph, and therefore the phrase “which it considers” still modifies the entirety of the chapeau and the subparagraph endings. Thus, an invocation of Article XXI(b) would reflect that a Member considers two elements to exist with respect to its action. First, the action is one “which it considers necessary for the protection of its essential security interests”. Second, the action is one “which it considers” relates to the subject matters in subparagraph endings (i) or (ii) or “taken in time of war or other emergency in international relations” as set forth in subparagraph ending (iii). Therefore, reconciling the three authentic texts leads to the same fundamental meaning the United States has presented, committing the determination of whether an action is necessary for the protection of a Member’s essential security interests in the relevant circumstances to the judgment of that Member alone.

### **III. The U.S. Interpretation is Consistent with the DSU and the Panel’s Terms of Reference**

99. As the United States has described in Section II, the United States has invoked Article XXI(b) with respect to all of complainant’s claims. As interpreted according to the customary rules of interpretation, Article XXI(b) is self-judging. In light of the self-judging nature of Article XXI(b), the sole finding that the Panel can make in this dispute is to note the U.S. invocation of that provision.

100. As discussed in Section III.A. below, this result is consistent with the Panel’s role under the DSU, including the Panel’s function to make an “objective assessment” of the matter before it. Indeed, it would not be consistent with making an “objective assessment” to read Article XXI contrary to its text as permitting a review of the action a Member considers necessary for the protection of its essential security interests. As discussed in Section III.B, the complainant’s own arguments demonstrate that the Panel cannot test a Member’s determination under Article XXI(b) without substituting the Panel’s judgment for that of the Member.

#### **A. The U.S. Interpretation is Consistent with the Panel’s Role under the DSU, including the Panel’s Function to Make an “Objective Assessment”**

101. Russia suggests that the U.S. interpretation of Article XXI(b) as self-judging or non-justiciable is inconsistent with the DSU, including Article 11 of the DSU.<sup>102</sup> The seriousness with which Russia holds its position is questionable given its similar understanding of Article XXI in a previous dispute. In any event, Russia fails to properly understand the Panel’s role in the broader context of the WTO dispute settlement system. Contrary to Russia’s argument, the U.S. interpretation is consistent with the Panel’s terms of reference and the DSU, including DSU Article 11. Russia suggests that “objective assessment” requires some degree of substantive review, but an “objective assessment” of Article XXI demonstrates that this provision is self-

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<sup>102</sup> Russia’s Response to the Panel’s Question 28(c), para. 109 (“Making an provisions non-justiciable, the way the US puts it forward, will directly prevent the Panel to meet this task.”)

judging, and drawing this conclusion is necessarily consistent with the Panel fulfilling the function assigned to it

102. Under DSU Article 7.1, the standard terms of reference, the DSB has tasked the Panel: (1) “[t]o *examine*” the matter – that is, to “[i]nvestigate the nature, condition or qualities of (something) by close inspection or tests”<sup>103</sup>; and (2) to “make such *findings* as will assist the DSB in making the recommendations or in giving the rulings provided for” in the covered agreement.

103. DSU Article 11 confirms this dual function of a panel. Article 11 of the DSU states that the “function of panels” is to make “an objective *assessment* of the matter before it, including an objective assessment of the facts of the case and the applicability of and conformity with the relevant covered agreements,” and “such other *findings* as will assist the DSB in making the recommendations or in giving the rulings provided for in the covered agreements.”

104. In this dispute, the Panel has been tasked by the DSB to examine the matter and to make such findings as may lead to a recommendation to bring a WTO-inconsistent measure into conformity with the WTO Agreement. Article 11 reflects this function of examination and making such findings. To make the “objective assessment” that may lead a panel to make findings to assist the DSB to make recommendations, the Panel is to make “an objective assessment of the facts of the case” and “of the applicability of and conformity with the relevant covered agreements”. In the context of this dispute, such an assessment begins with interpreting Article XXI(b) in accordance with the customary rules of interpretation. And that objective assessment of Article XXI(b) leads to the understanding that the sole finding that the Panel may make is to recognize the Member’s invocation of Article XXI(b).

105. The Panel objectively assesses the facts of the case by noting that the responding Member has invoked Article XXI(b). The Panel objectively assesses the applicability of and conformity with the relevant covered agreements by first interpreting Article XXI(b) in accordance with the customary rules of interpretation, and – once it has done so and determined Article XXI(b) to be self-judging – finding Article XXI(b) applicable. Nothing in the DSU – including Article 11 of the DSU – requires otherwise.

106. This result is consistent with DSU Article 19. Article 19.1 provides that “recommendations” are issued “[w]here a panel or the Appellate Body concludes that a measure is inconsistent with a covered agreement” and are recommendations “that the Member concerned bring the measure into conformity with the agreement.” DSU Article 19.2 clarifies that “in their findings and recommendations, the panel and Appellate Body cannot add to or diminish the rights and obligations provided in the covered agreement.”

107. Invocation of Article XXI(b) means that an essential security action cannot be found by a panel or the Appellate Body to be inconsistent with a covered agreement. It would diminish a Member’s “right” to take action it considers necessary for the protection of its essential security interests if a panel or the Appellate Body purported to find such an action inconsistent with Article XXI(b). Thus, the sole finding that the Panel may make – consistent with its terms of

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<sup>103</sup> *The New Shorter Oxford English Dictionary*, 4th edn, L. Brown (ed.) (Clarendon Press, 1993), at 870 (US-86).

reference and the DSU – is to note in the Panel’s report that the United States has invoked its essential security interests. No additional findings concerning the claims raised by the complaining Member in its submissions would be consistent with the DSU, in light of the text of Article XXI(b).

## **B. Complainant’s Interpretation Would Require the Panel To Substitute Its Own Judgment For That of a Responding Member On Matters of Essential Security**

108. In response to the Panel’s Question 45 (“How can objective assessment of a Member’s invocation of Article XXI avoid substituting a panel’s judgment for the judgment that is reserved to a Member’s discretion?”), Russia states that the Panel’s task is to resolve the current dispute and “not to objectively assess each particular element and provision of the security exceptions.”<sup>104</sup> According to Russia, “The panel’s objective assessment of the matter could lead to the conclusion that certain elements of the invoked defence are subjective and remain at sole discretion of the Member.”<sup>105</sup>

109. Citing the panel report in *Russia—Traffic in Transit*, Russia describes the Panel’s task as follows: “(i) to conclude that the chapeau of Article XXI(b) of the GATT 1994 is a subjective element, remaining in the discretion of the sovereign state, limited by the obligation of good faith; (ii) to assess whether the defending Member acted in good faith while imposing and maintaining the measures at issue; (iii) to review whether the defending Member met the requirements under subparagraphs.”<sup>106</sup>

110. In its response, Russia appears to suggest that the Panel can avoid substituting its judgement for that of the United States by identifying the elements of Article XXI(b) that “are subjective and remain at sole discretion of the Member.” As discussed in Section II.B.1, the single relative clause in Article XXI(b)<sup>107</sup> begins with the phrase “which it considers necessary” and ends at the end of each subparagraph.<sup>108</sup> Therefore, the entire clause that follows the word

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<sup>104</sup> Russia’s Response to the Panel’s Question 45, para. 167.

<sup>105</sup> Russia’s Response to the Panel’s Question 45, para. 167.

<sup>106</sup> Russia’s Response to the Panel’s Question 45, para. 173.

<sup>107</sup> ENGLISH GRAMMAR 631 (Sydney Grenbaum ed., Oxford Univ. Press, 1996) (“Relative clauses postmodify nouns (‘the house *that I own*’), pronouns (‘those *who trust me*’), and nominal adjectives (‘the elderly *who are sick*.’) (US-93); THE CLASSIC GUIDE TO BETTER WRITING 69 (Rudolf Flesch & A. H. Lass, HarperPerennial, 1996) (“**Who** and **which** are called *relative pronouns* and introduce *relative clauses*...The point is that by using **who** or **which** you have made an independent clause into a relative or dependent clause—a group of words that can’t stand by itself.”) (emphasis in the original) (US-94).

<sup>108</sup> A clause is a group of words containing both a subject and a predicate (which includes a verb).<sup>108</sup> With respect to the single relative clause in Article XXI(b)(i), the subject is “it [the Member]” and the predicate is “considers necessary for the protection of its essential security interests relating to relating to fissionable materials or the materials from which they are derived”. With respect to the single relative clause in Article XXI(b)(ii), the subject is “it [the Member]” and the predicate is “considers necessary for the protection of its essential security interests relating to the traffic in arms, ammunition and implements of war . . .” With respect to the single relative clause in Article XXI(b)(iii), the subject is “it [the Member]” and the predicate is “considers necessary for the protection of its essential security interests taken in time of war or other emergency in international relations.” There is nothing—neither punctuation nor coordinating conjunction—to indicate that there are multiple clauses.

“action” describes the situation which the Member “considers” to be present when it takes such an “action”. In this way, all of the elements of this clause are committed to the judgment of the Member taking the action. Therefore, under the logic of Russia’s own arguments, the Panel can avoid substituting its judgment for that of the United States by properly interpreting Article XXI(b) as reserving all elements of that provision to the sole discretion of the acting Member.

111. In addition, Russia’s response to the Panel fails to explain how, were the Panel to review whether the United States “acted in good faith while imposing and maintaining the measures at issue”, and whether it “met the requirements under subparagraphs”, the Panel could do so without substituting its judgment for that of the United States. Russia’s failure to do so is revealing: under Russia’s approach, the Panel necessarily would be substituting its judgment for the judgment of the Member invoking Article XXI(b). Russia does not explain how the Panel should assess whether the United States acted “in good faith” in applying the challenged measures; however, it is not credible that such an assessment would not involve the Panel’s determining, based on the Panel’s own review of the evidence, what constitutes that Member’s “essential security interests” and what the Panel would consider “necessary for the protection of [those] interests”. In fact, a finding of *lack of* good faith is precisely a finding that, in the adjudicator’s judgment, the facts do not warrant an action.

112. Given the sensitive nature of essential security matters, Russia’s proposal that the Panel assess whether the “requirements” of the subparagraphs are met also is untenable. A panel that determines that a challenged action is not “taken in time of war or other emergency in international relations,” for example, is making a judgment about what constitutes, *for that Member*, a war or an “emergency in international relations.” Such an assessment necessarily puts the Panel in a position where it must undertake the type of analysis – for example, of the political and security relationships between Members, of the geopolitical situation involved, and other issues – a trade expert sitting on a WTO panel is not suited to undertake.

113. The approach suggested by the United States, consistent with the long-standing approach to Article XXI in the GATT and WTO, does permit the Panel to objectively assess the matter before it without substituting its judgment on a Member’s essential security interests for the judgment of that Member. The Panel can objectively assess the facts of the case by noting that the Member has invoked Article XXI(b). The Panel can objectively assess the applicability of and conformity with the relevant covered agreements by first interpreting Article XXI(b) in accordance with the customary rules of interpretation, and – once it determines Article XXI(b) is self-judging – finding Article XXI(b) applicable. And the Panel can then assess that there are no findings that can be made in relation to the challenged essential security action that could lead the DSB to make a recommendation. The approach advanced by the United States is the only way to fulfil the Panel’s role under the DSU – consistent with its terms of reference – without substituting its judgment for that of the United States, inconsistent with the text of Article XXI(b).

#### **IV. The Measures at Issue are Not Safeguards Measures and the Agreement on Safeguards Does Not Apply**

114. Article XIX of GATT 1994 establishes a right for a Member to deviate from its WTO obligations under certain conditions. In order to exercise that right to apply a safeguard measure,



a Member must comply with those conditions precedent set out in Article XIX. One of those key conditions precedent is that the Member has invoked Article XIX as the legal basis for its measure by providing notice in writing and affording affected Members an opportunity to consult.<sup>109</sup> The measures at issue in this dispute are not safeguard measures because the United States has not invoked Article XIX as the legal basis for this measure; instead, the United States has (explicitly and repeatedly) invoked Article XXI. Accordingly, the safeguards disciplines of the GATT 1994 and Agreement on Safeguards do not apply.

115. Russia has essentially presented no new arguments beyond those already argued – and rebutted by the United States – at the first Panel meeting. Relying on the Appellate Body’s report in *Indonesia – Iron or Steel Products*, Russia argues – incorrectly – that the measures at issue here are safeguard measures because they have the two “constituent features” identified in that report, failing to recognize even that this report did not purport to identify all of the conditions precedent for application of a safeguard measure. Russia denies that invocation through notice is a necessary precondition to the application of safeguards disciplines, and opines that a contrary conclusion “would help Members to escape from application of the provisions of the Safeguards Agreements and negative consequences to their measures”<sup>110</sup> – erroneously ignoring that the Member remains subject to WTO obligations applicable to that action, or to potential consequences for invocation of a right such as Article XXI. Russia also suggests – incorrectly – that the U.S. has acted pursuant to both Article XIX and Article XXI in imposing the measures at issue in this dispute.<sup>111</sup>

116. As an initial matter, the Appellate Body’s report in *Indonesia – Iron or Steel Products* does not even purport to identify features of safeguard measures that, by themselves, are sufficient to establish the existence of safeguard measures. Instead, the Appellate Body identified “certain constituent features, *absent which* [a measure] could not be considered a safeguard measure.”<sup>112</sup>

117. In addition, Russia is wrong to deny the importance of invocation as a condition precedent to a Member’s exercise of its right to take action under Article XIX. As discussed in Section IV.A, the text of Article XIX, as interpreted according to the customary rules of interpretation, establishes that invocation through written notice is a fundamental condition precedent for a Member’s safeguards action and the consequent application of safeguards rules to that action. This conclusion is also supported by the context provided by the Agreement on Safeguards, as well as the object and purpose of the Agreement on Safeguards and the negotiating history of that agreement, as described in Section IV.B.

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<sup>109</sup> See U.S. Response to the Panel’s Question 5.

<sup>110</sup> Russia’s Response to the Panel’s Question 9, paras. 43-44

<sup>111</sup> Russia’s Response to the Panel’s Questions 74(a) & (b), para. 249 (stating that Article 11.1(c) of the Agreement on Safeguards “excludes from the scope of applicability of Safeguard Agreement only those measures, which are sought, taken or maintained exclusively pursuant to provisions of GATT other than Article XIX of the GATT”).

<sup>112</sup> *Indonesia – Iron or Steel Products (AB)*, para. 5.60 (emphasis added).

118. As this discussion establishes, permitting a Member to exercise a right through invocation does not, as Russia suggests, permit WTO Members to escape the application safeguards disciplines and avoid negative consequences; instead, this structure is specifically provided for in Article XIX – as discussed by the drafters of that provision – and resembles a structure employed in numerous other WTO disciplines.

119. Russia is also incorrect to suggest that the measures at issue were taken pursuant to Article XIX and Article XXI. The measures at issue are national security measures that were sought and taken pursuant to Article XXI, as the United States has stated in numerous communications to WTO committees.<sup>113</sup> The United States has *not* invoked Article XIX as the legal basis of the measures at issue in this dispute and accordingly, the United States is not seeking or taking action pursuant to Article XIX. The Agreement on Safeguards reflects precisely this understanding that it is for a Member to decide to invoke its right to take an action under a particular provision. As established in Article 11.1(c) of the Agreement on Safeguards, a Member may decide to seek, take, or maintain a measure pursuant to other provisions of the GATT 1994, such as Article XXI, and in such a case, the Agreement on Safeguards does not apply. As set forth in Section IV.B, this conclusion is supported by the terms of Article 11.1(c), as well as the object and purpose of the Agreement on Safeguards and the negotiating history of Article 11.1(c).

**A. Article XIX Makes Clear That Invocation Through Notice is a Fundamental, Condition Precedent For a Member’s Exercise of its Right to Take Action under Article XIX and the Application of Safeguards Rules to that Action**

120. Interpreting Article XIX according to the customary rules of interpretation makes clear that invocation is a fundamental, condition precedent for a Member’s exercise of its right to take action under that provision and for the application of safeguards rules to that action. The invocation requirement in Article XIX to apply a safeguard measure stems from the provisions of Article XIX requiring a Member to provide notice of a proposed action. Absent this invocation, a Member is not free to exercise its right to take safeguard measure and that measure cannot fall under the WTO’s safeguard disciplines. This interpretation is clear from the text of Article XIX.

121. Russia attempts to argue that invocation is not required, relying on the Appellate Body’s report in *Indonesia – Iron or Steel Products*, which found that “in order to constitute one of the

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<sup>113</sup> See U.S. Response to the Panel’s Question 5(b)-(d) (citing and discussing U.S. statements in the WTO Council for Trade in Goods, Minutes of the Meeting of the Council for Trade in Goods, 10 November 2017, G/C/M/130 (Mar. 22, 2018), at 26-27 (US-80), WTO Council on Trade in Goods, Minutes of the Meeting of the Council for Trade in Goods, 23-26 March 2018, G/C/M/131 (Oct. 5, 2018), at 26-27 (US-81), WTO Committee on Safeguards, Communication from the United States, G/SG/168 (Apr. 5, 2018), at 1-2 (US-82), U.S. Mission to International Organizations in Geneva, Ambassador Dennis Shea’s Statement at the WTO General Council (May 8, 2018), at 3 (US-83), and Statements by the United States at the Meeting of the WTO Dispute Settlement Body, Geneva, October 29, 2018, November 21, 2018, and December 4, 2018 (US-84)).

‘measures provided for in Article XIX’, a measure must present certain constituent features, absent which it could not be considered a safeguard measure.”<sup>114</sup>

122. Russia asserts that in this report “the Appellate Body identified the two constituent features, absent which the measure at issue could not be considered a safeguard measure.”<sup>115</sup> In reaching this conclusion, Russia focuses on Article XIX:1(a) and states that while Article XIX:1(a) of the GATT 1994 “does not contain any definition of the term ‘safeguard measure’... it indicates that such measures (i) suspend, in whole or in part, a GATT obligation or withdraw or modify a GATT concession; and (ii) the suspension, withdrawal, or modification in question must be designed to prevent or remedy serious injury to the Member’s domestic industry caused or threatened by increased imports of the subject product.”<sup>116</sup> Russia further asserts that “[t]he text of Article XIX:1(a) of the GATT 1994 does not provide for any other elements necessary for a measure to be legally characterized as a safeguard measure.”<sup>117</sup>

123. As an initial matter, contrary to complainant’s representations, the Appellate Body’s report in *Indonesia – Iron or Steel Products* does not support the assertion that the two “constituent features” named there are, by themselves, sufficient to establish the existence of a safeguard measure. Rather, the Appellate Body noted that “to constitute one of the ‘measures provided for in Article XIX’, a measure must present certain constituent features, *absent which* it could not be considered a safeguard measure.”<sup>118</sup> In other words, the Appellate Body’s reasoning only identifies certain “necessary” features.<sup>119</sup> Importantly, the Appellate Body did *not* say that a measure presenting both (to use the terms used by the Appellate Body) “constituent features” automatically or necessarily qualifies as a safeguard measure. Indeed, by recognizing that “whether a particular measure constitutes a safeguard measure for purposes of WTO law can be determined only on a case-by-case basis,”<sup>120</sup> the Appellate Body alluded to *other* conditions that might need to be met.

124. The Appellate Body in *Indonesia – Iron or Steel Products* did not discuss, for example, the GATT 1947 Working Party report in *Fur Felt Hats*, and the Working Party’s reasoning in that report that “*three sets of conditions* have to be fulfilled” to meet the requirements of

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<sup>114</sup> *Indonesia – Iron or Steel Products (AB)*, para. 5.60. The features listed by the Appellate Body in this report are (1) “that the measure must suspend, in whole or in part, a GATT obligation or withdraw or modify a GATT concession”, and (2) the suspension, withdrawal, or modification in question must be designed to prevent or remedy serious injury to the Member’s domestic industry caused or threatened by increased imports of the subject product.” *Indonesia – Iron or Steel Products (AB)*, para. 5.60.

<sup>115</sup> Russia’s Response to the Panel’s Questions 5(a) & (b), para. 23.

<sup>116</sup> Russia’s Response to the Panel’s Question 4, para. 20.

<sup>117</sup> Russia’s Response to the Panel’s Question 5(a) & (b), para. 24.

<sup>118</sup> *Indonesia – Iron or Steel Products (AB)*, para. 5.60 (emphasis added).

<sup>119</sup> See also *The New Shorter Oxford English Dictionary*, 4<sup>th</sup> edn., L. Brown (ed.) (Clarendon Press, Oxford, 1993), at 488 (defining “constituent” as “A constituent part (of); an element of a complex whole”) (US-205).

<sup>120</sup> *Indonesia – Iron or Steel Products (AB)*, para. 5.57.

Article XIX.<sup>121</sup> As discussed further detail in Section IV.A.4, among the “three sets of conditions” discussed in this GATT 1947 Working Party report was the condition that:

the contracting party taking action under Article XIX **must give notice** in writing to the CONTRACTING PARTIES **before taking action**. It must also give an opportunity to contracting parties substantially interested and to the Contracting Parties to consult with it. As a rule, consultation should take place before the action is taken, but, in critical circumstances, consultation may take place immediately after the measure is taken provisionally.<sup>122</sup>

125. With this statement, the *Fur Felt Hats* Working Party report confirms the U.S. understanding, based on the ordinary meaning of the terms of Article XIX, that invocation of Article XIX through notice is a precondition to applying a safeguard measure.

126. In addition, the complainant’s proffered interpretation of what constitutes a safeguard measure is not consistent with Article XIX as interpreted based on customary rules of interpretation. As discussed in Section IV.A.1 below, the text of Article XIX, including the title of that provision and each paragraph, leads to the conclusion that notice is a condition precedent to taking action under Article XIX. The context of Article XIX also supports this interpretation, and reveals that numerous other WTO provisions contemplate a Member exercising a right through invocation and contain structural similarities to Article XIX, as discussed in Section IV.A.2. The object and purpose of the GATT 1994, as discussed in Section IV.A.3, also supports that invocation is a condition precedent for a Member’s exercise of its right to take action under Article XIX. The adopted GATT 1947 Working Party Report – in the 1950 *Fur Felt Hats* dispute also confirms this understanding, as discussed in Section IV.A.4. Finally, although not necessary in this dispute, as discussed in Section IV.A.5, the drafting history of Article XIX confirms this interpretation of Article XIX.

**1. The Ordinary Meaning of Article XIX Establishes That Invocation Is A Necessary Precondition for a Member’s exercise of its right to take action under Article XIX and To The Application Of Safeguards Rules to that Action**

127. In order to exercise that right to apply a safeguard measure under Article XIX, a Member must comply with those conditions precedent set out in Article XIX. That invocation through notice of a proposed measure to other Members is a necessary, condition precedent is established by the ordinary meaning of the terms of Article XIX, including the title of Article XIX and each of its paragraphs.

***a. The Terms of Article XIX:2 Support This Interpretation***

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<sup>121</sup> US – *Fur Felt Hats* (GATT Panel), para 4 (emphasis added) (US-208).

<sup>122</sup> US – *Fur Felt Hats* (GATT Panel), para 4 (emphasis added) (US-208).

128. The text of Article XIX:2 explicitly sets out a requirement to invoke the provision through notice as a condition precedent to action under Article XIX:1. The first sentence of Article XIX:2 provides:

**Before** any contracting party shall **take action pursuant to** the provisions of paragraph 1 of this Article, it shall **give notice in writing** to the CONTRACTING PARTIES as far in advance as may be practicable and shall afford the CONTRACTING PARTIES and those contracting parties having a substantial interest as exporters of the product concerned an opportunity to consult with it in respect of the **proposed** action. (emphasis added)

129. The ordinary meaning of the terms in the first sentence of Article XIX:2 show that invocation is a precondition to the exercise of a Member’s right to take safeguard action. The term “before” is defined as “preceding an event.”<sup>123</sup> The term “pursuant” means “in accordance with”.<sup>124</sup> And the term “propose” means to “[p]ut forward or present for consideration” or “discussion”.<sup>125</sup> Thus, invocation through a notice from the Member *proposing* to take action must “precede” (come before) action “in accordance with” (pursuant to) paragraph 1. Without such notice, a Member is not seeking legal authority pursuant to Article XIX to suspend an obligation or to withdraw or modify a concession and may not take the proposed action “in accordance with” that provision.

130. The third sentence of Article XIX:2 also supports the interpretation that invocation is a condition precedent for action under Article XIX. It states:

In critical circumstances, where delay would cause damage which it would be difficult to repair, *action* under paragraph 1 of this Article *may be taken* provisionally *without prior consultation*, on the condition that consultation shall be effected immediately after taking such action.

131. With this text, the third sentence of Article XIX:2 provides a *limited exception* to the consultation requirement. Notably, this exception does *not* permit Members to take action without providing “notice.” This exception to the consultation requirement – but not the notice requirement – establishes that Article XIX requires a Member to invoke through notice its right to take a safeguard action as a condition precedent to action under that provision.

### ***b. The Terms of Article XIX:1 Support This Interpretation***

132. That invocation is a precondition for a Member’s exercise of its right to take action under Article XIX and to the consequent application of safeguards rules to that action is also confirmed

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<sup>123</sup> See The New Shorter Oxford English Dictionary, 4<sup>th</sup> edn., L. Brown (ed.) (Clarendon Press, Oxford, 1993), at 205 (defining “before” as “Earlier in time; previously” and “preceding an event”) (US-205)

<sup>124</sup> See The New Shorter Oxford English Dictionary, 4<sup>th</sup> edn., L. Brown (ed.) (Clarendon Press, Oxford, 1993), at 2,422 (defining the term “pursuant” as “in accordance with”) (US-86).

<sup>125</sup> See The New Shorter Oxford English Dictionary, 4<sup>th</sup> edn., L. Brown (ed.) (Clarendon Press, Oxford, 1993), at 2,381 (defining the term “propose” as “Put forward or present for consideration, discussion”) (US-205).

by paragraph 1 of Article XIX.<sup>126</sup> Article XIX:1(a) establishes a right – the right to suspend obligations or modify or withdraw concessions – in the sense that Article XIX:1 permits a Member, when it has invoked this provision and under certain conditions, to take action that would otherwise be inconsistent with its WTO obligations.

133. Article XIX:1(a) first sets out the following conditions that, if present, would give a Member the right to apply a safeguard: “[i]f, as a result of unforeseen developments and the effect of the obligations incurred by a contracting party under this Agreement . . . any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products.”

134. Article XIX:1(a) also establishes that, where those conditions are met, the Member has the right (“shall be free”) to apply a safeguard, subject to certain requirements. Namely, Article XIX:1(a) provides that the Member shall be free “to suspend the obligation in whole or in part or to withdraw or modify the [GATT] concession” with “respect” to the “like or directly competitive product” that meets the circumstances and conditions of the first part of Article XIX:1(a), and to “the extent and for such time as may be necessary to prevent or remedy such injury”.

135. By setting out conditions that, when met, permit a Member to apply a safeguard, Article XIX:1(a) supports interpreting Article XIX to require invocation as a necessary, condition precedent for a Member’s exercise of its right to take action under Article XIX and to the application of safeguards rules to that action. That is, a Member determines that developments are “unforeseen” and whether importation is occurring under “conditions as to cause or threaten serious injury” and – as set forth in Article XIX:2, discussed in Section IV.A.1.c – invokes its right to take action under Article XIX. Accordingly, the existence of these conditions supports interpreting Article XIX to require invocation through notice as a condition precedent for taking action under Article XIX.

*c. The Terms of Article XIX:3 Support This Interpretation*

136. The terms of Article XIX:3 of the GATT 1994 also show that invocation is a precondition for a Member’s exercise of its right to take action under Article XIX and to the application of safeguards rules to that action. As Article XIX:3(a) provides:

If agreement among the interested contracting parties with respect to the action is not reached, the contracting party which **proposes to take or continue** the action shall, nevertheless, be free to do so, and if such action is taken or continued, the

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<sup>126</sup> As this provision states in full:

If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

affected contracting parties shall then be free, not later than ninety days after such action is taken, to suspend, upon the expiration of thirty days from the day on which **written notice** of such suspension is received by the CONTRACTING PARTIES, the application to the trade of the contracting party taking such action, or, in the case envisaged in paragraph 1(b) of this Article, to the trade of the contracting party requesting such action, of such substantially equivalent concessions or other obligations under this Agreement the suspension of which the CONTRACTING PARTIES do not disapprove.

137. Under this provision, if the consultations envisioned by Article XIX:2 fail to address the concerns of affected Members, affected Members can suspend substantially equivalent concessions or other obligations. These envisioned consultations are triggered by the invocation and notice provision under Article XIX:2, however, underscoring that invocation through notice is a condition precedent to action under Article XIX. Put in the terms of Article XIX:3(a), *without notice* of a proposed action, a Member “which proposes to take or continue the action shall [*not*] be free to do so.” That is, *without invocation*, a Member cannot take (and has not taken) action pursuant to Article XIX.

138. Accordingly, the text of Article XIX – including the title and all three paragraphs – clearly provides that, absent invocation of the right to take action pursuant to Article XIX of the GATT, a measure cannot be characterized as a safeguard measure and the safeguards disciplines do not apply.

*d. The Title of Article XIX Supports This Interpretation*

139. The title of Article XIX, “Emergency Action on Imports of Particular Products,” supports the conclusion that invocation is a condition precedent to taking action under Article XIX. In particular, the words “Emergency Action on Imports of Particular Products” indicate that Article XIX sets out rules for how a Member may choose to take “action” that would otherwise be inconsistent with obligations under the GATT 1994 affecting imports of particular products. Notably, the title does *not* focus on any particular type of measure or refer to any type of obligation.

140. Use of the word “emergency” in the title of Article XIX supports interpreting Article XIX to require invocation by the acting Member as a condition precedent to action under that provision. An “emergency” can be understood as a situation “that arises unexpectedly and requires urgent action.”<sup>127</sup> Only the Member in question will know whether a situation has arisen that it did not expect and whether that Member considers the situation to require urgent action be taken under Article XIX. This circumstance is reflected in the text of Article XIX that requires affirmative invocation through notification to other Members of a proposed action under Article XIX in response to that unexpected situation.

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<sup>127</sup> See *The New Shorter Oxford English Dictionary*, 4th edn, L. Brown (ed.) (Clarendon Press, 1993), at 806 (defining “emergency” as “1 A situation, esp. of danger or conflict, that arises unexpectedly and requires urgent action”) (US-86).

## 2. The Context of Article XIX Supports This Interpretation

141. The context provided by other provisions of the WTO Agreement supports interpreting Article XIX as establishing a right – the right to impose a safeguard measure – that must be invoked in order for the safeguards disciplines to apply. Although the requirements vary, numerous other WTO provisions contemplate a Member exercising a right through invocation and contain structural features that are similar to Article XIX. For example:

- *GATT 1994 Article XXVIII* permits Members – when certain conditions are met – to modify or withdraw tariff concessions reflected in their Schedules of Concessions through negotiation and agreement with certain other Members. The structures of Article XXVIII and Article XIX are similar in that they both allow a Member to exercise a right after invoking the provision to propose action.<sup>128</sup> Also like Article XIX, the proposed modification or withdrawal under Article XXVIII triggers discussions between the invoking Member and certain other Members.<sup>129</sup>
- *GATT 1994 Article XXIV* states that, if, in the formation of a customs union or a free-trade area, a Member proposes to increase a duty rate above the bound rate, the renegotiation procedures in Article XXVIII shall apply.<sup>130</sup> Thus, a Member seeking to exercise its right under Article XXIV must follow the same procedures detailed above with respect to Article XXVIII and, as such, the parallels to Article XIX are equally applicable.
- *GATT 1994 Article XVIII* permits certain developing Members to renegotiate tariff concessions (Article XVIII:A) or to implement an otherwise inconsistent measure in order to promote the establishment of a particular domestic industry (Article XVIII:C). Subject to certain requirements, Article XVIII provides that qualifying developing Members seeking recourse to these provisions “**shall be free** to deviate temporarily from the provisions of the other Articles of this Agreement.”<sup>131</sup> Both Sections A and C require the Member seeking

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<sup>128</sup> See Article XXVIII:3(a) (authorizing a Member proposing to “modify or withdraw” a tariff concession to implement the proposed modification even if no agreement is reached between the importing Member and the affected Member); Article XIX:3(a) (allowing an importing Member proposing to take a safeguard measure to implement the proposed measure even if no agreement is reached between the importing Member and the affected Members).

<sup>129</sup> See GATT 1994 Art. XIX:2 (providing that the invoking Member “shall afford the [Members] and those [Members] having a substantial interest as exporters of the product concerned an opportunity to consult with it in respect of the proposed action”); GATT 1994 Art. XXVIII:1 (providing for “negotiation and agreement” with a defined set of Members and “consultation” with other substantially interested Members).

<sup>130</sup> GATT 1994 Art. XXIV:6 (If, in the formation of a customs union or a free-trade area, a Member “...proposes to increase any rate of duty inconsistently with the provisions of Article II, the procedure set forth in Article XXVIII shall apply. In providing for compensatory adjustment, due account shall be taken of the compensation already afforded by the reduction brought about in the corresponding duty of the other constituents of the union.”). See also *Understanding on the Interpretation of Article XXIV of the GATT 1994* (affirming that the procedure must be commenced before the proposed modification or withdrawal).

<sup>131</sup> GATT 1994 Art. XVII:4(a) (emphasis added).



modification to invoke these provisions by notifying Members,<sup>132</sup> and in certain circumstances permit implementation of the proposed measure even absent agreement.<sup>133</sup> Affected Members may withdraw substantially equivalent concessions.<sup>134</sup>

- *GATT 1994 Article II:5* provides for consultations and negotiations for compensatory adjustment in the event that a domestic court ruling on classification does not accord the treatment required by a negotiated concession. Although renegotiation takes place *after* the change resulting from a domestic ruling, Article II:5 must still be invoked by the Member making the ruling, who “declares that such treatment cannot be accorded” because of the domestic ruling. Like Article XIX, Article II:5 contemplates negotiations with affected Members for compensatory adjustment.
- *GATT 1994 Article XXVII* permits withholding or withdrawal of a concession made during negotiations with respect to a government which has not become a Member or has ceased to be a Member of the GATT 1994. Like Article XIX, Article XXVII requires invocation by a Member through notice to and consultations with concerned Members upon request.<sup>135</sup>
- *GATS Article XXI* is the services equivalent of GATT 1994 Article XXVIII, permitting modification or withdrawal of a commitment in a Member’s Schedule. GATS Article XXI affords a Member the right to modify or withdraw a commitment at any time in accordance with certain time frames and procedures.<sup>136</sup> The modifying Member invokes this provision

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<sup>132</sup> GATT 1994 Art. XVIII:7(a) (providing that the Member seeking modification under Section A “shall notify [Members]” of a proposed modification or withdrawal); GATT 1994, Article XVIII:14 (providing that a Member seeking modification under Section C “shall notify [Members] of the special difficulties which it meets . . . and shall indicate the specific measure affecting imports which it proposes to introduce in order to remedy these difficulties”).

<sup>133</sup> Under Section A, even where negotiations do not result in agreement, the Member seeking modification “shall be free” to modify or withdraw concessions where there is a multilateral determination that the compensatory adjustment offered is adequate, or that the Member made every reasonable effort to offer adequate compensation. GATT 1994 Article XVIII:7(a) and (b). Section C also allows the possibility for the modifying Member to introduce the proposed measure where agreement is not reached after informing the Members. GATT 1994 Article XVIII:17.

<sup>134</sup> GATT 1994 Art. XVIII:7(b) and 21. Drafters expressly revised Article XVIII:A to correspond to Article XXVIII:4(d). *GATT Report of the Review Working Party II on Tariffs, Schedules and Customs Administration*, L/329, February 24, 1955, paras. 22-23.

<sup>135</sup> GATT 1994 Art. Article XXVII (stating that “Any [Member] shall at any time be free to withhold or to withdraw in whole or in part any concession . . . in respect of which such [Member] determines that it was initially negotiated with a government which has not become, or has ceased to be, a [Member]. A [Member] taking such action shall notify the [Members] and, upon request, consult with [Members] which may have a substantial interest in the product concerned.”).

<sup>136</sup> GATS Art. XXI:1(a) (“A Member . . . may modify or withdraw any commitment in its Schedule, at any time after three years have elapsed from the date on which that commitment entered into force, in accordance with the provisions of this Article.”). As in the goods context, services schedule modifications are subject to certification procedures. *See Procedures for the Implementation of Article XXI of the General Agreement on Trade in Services (GATS) (Modification of Schedules)*, S/L/80, adopted October 29, 1999.

by “notify[ing] its intent to modify or withdraw” prior to implementation<sup>137</sup> and entering into negotiations for compensation with affected Members upon request.<sup>138</sup>

- *Agreement on Agriculture Article 5* sets out a safeguard mechanism for agricultural product. Members have the right to impose an additional duty temporarily, subject to certain requirements.<sup>139</sup> Although Article 5 differs from the safeguard mechanisms in Article XIX in other respects, Article 5 – like Article XIX – contemplates invocation through advance notice in writing and consultations with interested Members.<sup>140</sup>
- *Agreement on Textiles and Clothing Article 6* includes a transitional safeguard mechanism that reflects the same features of invocation through notice and consultations with affected Members. Indeed, the text refers explicitly to the Member “invoking the action.”<sup>141</sup> As such, the key feature of invocation by a Member is evident in this context as well.

142. This context demonstrates that Article XIX is one of numerous provisions of the GATT 1994 and other covered agreements that require invocation as a condition precedent for taking action pursuant to certain provisions. Granting Members the right to take particular action when certain conditions are met – should the acting Member invoke its right to do so – is therefore an ordinary part of the WTO Agreement. Under such provisions, as in Article XIX, it is only when a Member has invoked its right to take action pursuant to such a provision that the relevant disciplines apply.

### 3. The Object and Purpose of the GATT 1994 Supports This Interpretation

143. The object and purpose of the GATT 1994, as set out in its Preamble, also support that invocation is a precondition for a Member’s exercise of its right to take action under Article XIX. The GATT 1994 Preamble provides, among other things, that the GATT 1994 sets forth “reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce”.<sup>142</sup>

144. The ability to diverge from obligations under certain circumstances, including those set forth in Article XIX, is among the “reciprocal and mutually advantageous arrangements” to which Members agreed, and which permits Members to negotiate “substantial reductions” in tariffs. In fact, the United States explained this point in *US – Fur Felt Hats*, the first dispute under the GATT 1947 concerning Article XIX (discussed in more detail in Section IV.A.4 below). As the United States observed in that dispute, “Article XIX [was] inserted into the

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<sup>137</sup> GATS Art. XXI:1(b).

<sup>138</sup> GATS Art. XXI:2(a).

<sup>139</sup> *Agreement on Agriculture* Article 5(1).

<sup>140</sup> *Agreement on Agriculture* Article 5(7).

<sup>141</sup> *Agreement on Textiles and Clothing* Article 6(7) (The Agreement terminated January 1, 2005).

<sup>142</sup> GATT 1994, pmb. (emphasis added).

Agreement as a safety valve, because it was impossible to be sure that rates of duty agreed at one time might not have to be changed in unforeseen circumstances.”<sup>143</sup> In this way, the Contracting Parties acknowledged that Article XIX “contributed to a larger measure of tariff reduction than would have been the case.”<sup>144</sup>

145. Consistent with the language of its Preamble, the provisions of the GATT 1994 are part of a single undertaking in which it is contemplated that Members will make use of GATT 1994 provisions consistent with their text. As discussed above at Section IV.A, the text of Article XIX establishes that invocation is a precondition a Member’s exercise of its right to take action under Article XIX. Accordingly, the object and purpose of the GATT 1994, as set forth in the agreement’s Preamble, supports that invocation is a precondition to applying a safeguard.

146. In sum, the text of GATT 1994 Article XIX, in context and in the light of the agreement’s object and purpose, establishes that invocation is a precondition to applying a safeguard.

#### **4. An Adopted GATT 1947 Working Party Report Confirms This Interpretation**

147. That invocation is a precondition for a Member’s exercise of its right to take action under Article XIX and to the consequent application of safeguards rules to that action is also confirmed by the Working Party’s report in *US – Fur Felt Hats*, a 1950 dispute between the United States and Czechoslovakia. There, the United States invoked Article XIX with respect to a proposal to withdraw a tariff concession concerning certain hats.<sup>145</sup> After notifying the CONTRACTING PARTIES, the United States entered into consultations with Czechoslovakia and other affected Contracting Parties.<sup>146</sup> The United States reached agreement with the affected Contracting Parties except Czechoslovakia.

148. Czechoslovakia then initiated a complaint, which was discussed by the CONTRACTING PARTIES and referred to a “specially appointed working party for detailed study.”<sup>147</sup> In its complaint, Czechoslovakia argued that the United States “has not proven the conditions of

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<sup>143</sup> GATT Contracting Parties, Summary Record of the Fourteenth Meeting, GATT/CP.5/SR.14 (Nov. 30, 1950), at 2 (US-206).

<sup>144</sup> GATT Contracting Parties, Summary Record of the Fourteenth Meeting, GATT/CP.5/SR.14 (Nov. 30, 1950), at 2 (emphasis added) (US-206).

<sup>145</sup> See Schedule XX – United States, Withdrawal of Item 1526(a) under the Provisions of Article XIX, GATT/CP/83 (Oct. 19, 1950) (noting that in accordance with the findings of the U.S. Tariff Commission – the predecessor agency to the U.S. International Trade Commission – and “pursuant to the provisions of Article XIX of the General Agreement, the Government of the United States finds it necessary to withdraw the concessions on” certain hats. The U.S. communication also provides that the proposed “action is being taken in accordance with the provisions of the last sentence of paragraph 2 of Article XIX” and that the U.S. “Government is prepared to afford the CONTRACTING PARTIES and those contracting parties having a substantial interest as exporters of the product concerned an opportunity to consult with it immediately in respect of the proposed action.”), (US-207).

<sup>146</sup> See *US – Fur Felt Hats (GATT Panel)*, preface (US-208)

<sup>147</sup> *US – Fur Felt Hats (GATT Panel)*, preface (US-208).

Article XIX have been fulfilled” and suggested “that the United States Government revoke its intention” to apply a safeguard.<sup>148</sup>

149. The Working Party’s report set out the requirements of Article XIX, and stated that in “attempting to appraise whether the requirements of Article XIX had been fulfilled,” it “examined separately each of the *conditions* which *qualify* the exercise of the right to suspend an obligation or to withdraw or modify a concession” under Article XIX.<sup>149</sup> The Working Party reasoned that “*three sets of conditions* have to be fulfilled” – including a requirement of notice – to meet the requirements of Article XIX.<sup>150</sup> As the Working Party stated:

(a) There should be an abnormal development in the imports of the product in question in the sense that:

(i) the product in question must be imported in increased quantities;

(ii) the increased imports must be the result of unforeseen developments and of the effect of the tariff concession;

(iii) the imports must enter in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive products.

(b) The suspension of an obligation or the withdrawal or modification of a concession must be limited to the extent and the time necessary to prevent or remedy the injury caused or threatened.

(c) The contracting party taking action under Article XIX **must give notice** in writing to the CONTRACTING PARTIES **before taking action**. It must also give an opportunity to contracting parties substantially interested and to the Contracting Parties to consult with it. As a rule, consultation should take place before the action is taken, but, in critical circumstances, consultation may take place immediately after the measure is taken provisionally.<sup>151</sup>

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<sup>148</sup> Memorandum by the Czechoslovak Delegation (Nov. 7, 1950), *US – Fur Felt Hats (GATT Panel)*, Appendix B, at 23-24 (US-208).

<sup>149</sup> *US – Fur Felt Hats (GATT Panel)*, para. 3 (emphasis added) (US-208).

<sup>150</sup> *US – Fur Felt Hats (GATT Panel)*, para 4 (emphasis added) (US-208).

<sup>151</sup> *US – Fur Felt Hats (GATT Panel)*, para 4 (emphasis added) (US-208).

150. The Working Party’s reasoning on the requirements of Article XIX:2 is relevant in this dispute. In particular, the Working Party observed that the U.S. “notification was sent to the CONTRACTING PARTIES” before the U.S. took action and that while “the United States Government *invoked* the second procedure” of Article XIX:2, “by giving notice more than a month before” taking action the U.S. “enabled exporting countries to enter into consultation[s] before the duties were actually raised.”<sup>152</sup>

151. Although Czechoslovakia did not agree with the conclusions of the Working Party’s report, it was approved by the CONTRACTING PARTIES “as embodying their collective view” and, because of its value in relation to the interpretation of Article XIX, the CONTRACTING PARTIES published it.<sup>153</sup>

152. As the Working Party explained, the notification requirement of Article XIX is one of the “conditions” that qualifies the exercise “of the right to suspend an obligation or to withdraw or modify a concession” under Article XIX.<sup>154</sup> This interpretation by the Working Party of Article XIX confirms the U.S. understanding, based on the plain text, that invocation of Article XIX through notice is a precondition to applying a safeguard measure.

### **5. Supplementary Means of Interpretation, Including the Drafting History of Article XIX, Confirm This Interpretation**

153. Although the meaning of Article XIX is clear from the text, the Panel may have recourse to supplementary means of interpretation to confirm this meaning.<sup>155</sup> Supplementary means of interpretation, including the drafting history of Article XIX of the GATT 1994, confirm that notice under Article XIX:2 is a fundamental, condition precedent to a Member’s exercise of its right to take action under Article XIX and the application of safeguards disciplines.

154. In particular, the statements of drafters regarding the text that became Article XIX:2, first sentence, confirm the interpretation of Article XIX as requiring invocation as a condition precedent for a Member’s exercise of its right to take action under Article XIX. As with Article XXI, the drafting history of Article XIX of the GATT 1994 dates back to negotiations to establish the International Trade Organization of the United Nations (ITO). In 1946, the United States proposed a draft charter for the ITO, which included the following provision:

Article 29 (Emergency Action on Imports of Particular Products):

1. If, as a result of unforeseen developments and the effect of the obligations incurred under this Chapter, including the tariff concessions granted pursuant to Article 18, any product is being imported into the territory of any Member in such

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<sup>152</sup> *US – Fur Felt Hats (GATT Panel)*, para. 42 (US-208).

<sup>153</sup> *US – Fur Felt Hats (GATT Panel)*, preface (US-208).

<sup>154</sup> *US – Fur Felt Hats (GATT Panel)*, para. 3 (US-208).

<sup>155</sup> See Vienna Convention on the Law of Treaties, Article 32 (“Recourse may be had to supplementary means of interpretation, including the preparatory work of the treaty and the circumstances of its conclusion, in order to confirm the meaning resulting from the application of article 31.”).

increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or similar products, the Member shall be free to withdraw the concession, or suspend the obligation, in respect of such product, in whole or in part, or to modify the concession to the extent and for such time as may be necessary to prevent such injury.

2. **Before** any Member shall take action **pursuant to** the provisions of paragraph 1 of this Article, it **shall give notice** in writing to the Organization as far in advance as may be practicable and shall afford the Organization, and other Members having a substantial interest as exporters of the product concerned, an opportunity to consult with it in respect of the proposed action. If agreement among the interested Members with respect to the proposed action is not reached, the Member which proposes to take action shall, nevertheless, be free to do so, and if such action is taken the other affected Members shall then be free, within sixty days after such action is taken, to suspend on sixty day's written notice to the Organization the application to the trade of the Member taking such action, of any of the obligations or concessions under this Chapter the suspension of which the Organization does not recommend against.<sup>156</sup>

155. As this text shows, the predecessor to Article XIX included an invocation requirement as originally drafted. This original draft Article XIX stated, among other things, that a Member “shall give notice in writing” before taking action under this provision. Although removal of this requirement was discussed as the ITO and GATT 1947 negotiations proceeded, the drafters ultimately decided to retain it.

156. When this draft was first discussed in November 1946, the United States – upon an invitation from the Chairman – outlined its view of the notification requirement as follows:

The purpose of the Article, generally speaking, is to give some flexibility to the commitments undertaken in Chapter IV. Some provision of this kind seems necessary in order that countries will not find themselves in such a rigid position that they could not deal with situations of an emergency character. Therefore, the Article would provide for a modification of commitments to meet such temporary situation. In order to safeguard the right given and in order to prevent abuse of it, the Article would provide that **before** any action is taken under an exception, the member concerned would have to **notify** the organization and consult with them, and with other interested members.

It provides, further, that, if no agreement were reached on the proposed action, any Member who was decisive could take compensatory action by withdrawing concessions from the Member that had **invoked** the clause.<sup>157</sup>

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<sup>156</sup> Report of the First Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, E/PC/T/33 (Oct. 31, 1946), Annexure 11, United States Draft Charter (US-31).

<sup>157</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PV/7 (Nov. 1, 1946), at 3-4 (US-209).

157. During the same meeting, the United Kingdom expressed concerns with the timing of the notification requirement and asserted:

[W]e have doubts about the provision for **prior notice** of the emergency measures to be taken. It is precisely in the case of sudden influxes of imports, such as those which are envisaged by this Article, that **prior notice** and procedural delays would be most difficult to contemplate. Not only is almost immediate action likely to be needed in such cases, but any prior publicity with regard to the intended action would be likely to lead to forestalling and an accelerated rate of importation, and so would tend to defeat the object of the action. We do not, of course, oppose the requirement of notification, nor that of consultation, nor the arrangement for possible subsequent measures to deal with unjustified use of this procedure. But we think that it may fairly often be necessary for the notification to be simultaneous with, and **not prior**, to the taking of action under this Article.<sup>158</sup>

158. In response to the U.K.’s concerns, the United States asserted that while “the draft as it is now framed does provide for prior notice”, it “does not stipulate that it should be very long.”<sup>159</sup> The issue remained unresolved, and the drafters met a few days later to discuss this and other issues.<sup>160</sup> At the beginning of that meeting, India raised concerns with the requirements of both prior notice and prior consultation and suggested amending Article 29. In India’s view, a safeguard action would have to be taken “quickly” to avoid “threatened injury to domestic interests”. Thus, India suggested:

would it not be better if we so re-wrote the section as to require the member concerned to **inform** the Organisation and to start this process of consultation **after** taking the action which is needed if the circumstances are so urgent as to make that course necessary?<sup>161</sup>

159. The Chairman noted that the point raised by India was outstanding from their previous meeting, and suggested that the drafters “see whether in certain circumstances only notice **after** a measure had been taken should be needed.”<sup>162</sup> To address the comments from India and the Chairman, the United States observed that:

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<sup>158</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PV/7 (Nov. 1, 1946), at 7—8 (emphasis added) (US-209).

<sup>159</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PV/7 (Nov. 1, 1946), at 16 (emphasis added) (US-209).

<sup>160</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/9 (Nov. 9, 1946) (US-210).

<sup>161</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/9 (Nov. 9, 1946), at 5 (emphasis added) (US-210).

<sup>162</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/9 (Nov. 9, 1946), at 5 (emphasis added) (US-210).

The Article as drafted provides for the fact that **before** action is taken notice shall be given as far in advance as may be practicable. . . . In essence, what the Article provides is that there ought to be advance notice and as long advance notice as a country can give in all the circumstances. It seems to me it is a desirable principle to retain.<sup>163</sup>

160. In response, India observed that “it is not merely the prior notice that is involved here but also the consultation that members affect in respect of the proposed action”.<sup>164</sup> Thus, India suggested that the procedure to invoke the safeguard provision “should be a little more elastic” and that in certain circumstances:

the procedure should be that the members should be permitted to take action subject to consultation which may take place a little later, and the notice should be issued at once.<sup>165</sup>

161. To address the point raised by India, the Chairman suggested a compromise. Specifically, the Chairman suggested that the drafters agree to require **prior notice**, but suggested that to address “exceptional cases” the drafters “try to find a formula” that “gives the right in very exceptional cases” to “take immediate action” without prior consultation.<sup>166</sup> The United States agreed with the Chairman, noting that “the Chairman’s suggestion that there might be provision made for quicker action in exceptional cases is sound.”<sup>167</sup> After the drafters discussed the compromise, the Chairman wrapped up the discussion on Article 29 by observing that, if he saw the remarks of the drafters clearly, that there “**will be** prior consultation unless exceptional circumstances make it impracticable.”<sup>168</sup> The drafters agreed with pausing the discussion on Article 29 until a new draft was presented by the rapporteur.<sup>169</sup>

162. On November 14, 1946, the drafters discussed a revised version of Article 29. At the beginning of the discussion on Article 29, the rapporteur observed with respect to the notice requirement that:

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<sup>163</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/9 (Nov. 9, 1946), at 5 (emphasis added) (US-210).

<sup>164</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/9 (Nov. 9, 1946), at 6 (emphasis added) (US-210).

<sup>165</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/9 (Nov. 9, 1946), at 6 (emphasis added) (US-210).

<sup>166</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/9 (Nov. 9, 1946), at 7 (emphasis added) (US-210).

<sup>167</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/9 (Nov. 9, 1946), at 8 (emphasis added) (US-210).

<sup>168</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/9 (Nov. 9, 1946), at 12 (emphasis added) (US-210).

<sup>169</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/9 (Nov. 9, 1946), at 12 (emphasis added) (US-210).



It seemed to be **agreed** that prior or simultaneous **notice should in all cases be given**, but that with respect to consultation there should be some leeway in critical cases for the action to be taken first and the consultation should follow upon it immediately. It is believed that the draft as it originally stood permitted short notice. In other words, under the original language of the draft it reads

Before any Member shall take action pursuant to the provisions of paragraph 1 of this Article, it shall give notice in writing to the Organisation as far in advance as may be practicable.

It seems to me that would permit of short notice; it could a[l]most be simultaneous. Therefore, I did not think that any change was needed in that.<sup>170</sup>

163. Regarding prior consultation, the rapporteur noted that new text had been added to Article 29 that would allow action without prior consultation in exceptional circumstances.<sup>171</sup> After the rapporteur finished going over Article 29, the United Kingdom once again expressed concerns with the *prior notice* requirement of Article 29.<sup>172</sup> Specifically, the U.K. asserted that “it is difficult to insist that there must always be prior notice.”<sup>173</sup> In the view of the U.K., for some countries it would “be extremely difficult to give prior notice” under certain conditions.<sup>174</sup> Thus, the U.K. suggested amending Article 29 so that “there might be an obligation on a country which acts *without giving notice* to agree to immediate consultation on request.”<sup>175</sup> Further, if a country took action without giving notice, the U.K. suggested that:

If countries ask for consultation, that country [*i.e.*, country taking action without providing prior notice] should be under an obligation to enter into consultation immediately. It might be worthwhile to insert a clause to this effect to the draft.<sup>176</sup>

164. After a discussion among the drafters on the U.K.’s suggestion, Canada suggested that it would be helpful for the drafters to hear from the United States since Article 29 was based on a

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<sup>170</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/11, (emphasis added) (Nov. 14, 1946), at 9 (US-210).

<sup>171</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/11, (emphasis added) (Nov. 14, 1946), at 9 (US-211).

<sup>172</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/11, (emphasis added) (Nov. 14, 1946), at 13 (US-211).

<sup>173</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/11, (emphasis added) (Nov. 14, 1946), at 13 (US-211).

<sup>174</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/11, (emphasis added) (Nov. 14, 1946), at 13 (US-211).

<sup>175</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/11, (Nov. 14, 1946), at 13 (emphasis added) (US-211).

<sup>176</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/11, (Nov. 14, 1946), at 13 (emphasis added) (211).

safeguard provision used by the United States in U.S. trade agreements.<sup>177</sup> In response, the United States observed that the United States had “been including clauses similar to this in agreements for a long time” and that, in the United States, “they have almost never been **invoked**, but they have been there in case the emergency should arise, which gives some assurance to the people concerned.”<sup>178</sup> The U.K.’s suggestion on striking the prior notice requirement of Article 29 was not supported by drafters, and ultimately the U.K. withdrew its amendment.<sup>179</sup>

165. On November 20, 1946, the drafters issued a report that included a revised Article 29 that retained the prior notice requirement.<sup>180</sup> This version of Article 29 was included in the London Report and it became Article 34 in the draft Charter of the ITO.<sup>181</sup> While the drafters made further revisions to Article 34 during the discussions in New York, Geneva, and Havana, the prior notice requirement was retained by the drafters and is reflected in Article XIX of the GATT 1994.

166. Accordingly, although not necessary in this dispute, supplemental means of interpretation – specifically the drafting history of Article XIX – supports the interpretation of Article XIX according to the customary rules of interpretation. The ordinary meaning of the terms, in context and in the light of the object and purpose of the GATT 1994, establishes that invocation through notice is a fundamental, condition precedent to a Member’s exercise of its right to take action under Article XIX. As discussed below in Section IV.B, this conclusion is also supported by the Agreement on Safeguards.

**B. The Agreement on Safeguards Confirms that Invocation Through Notice is a Condition Precedent for a Member’s exercise of its right to take action under Article XIX and the Consequent Application of Safeguards Rules to that Action, and that the Ability to Take Action Pursuant to Article XIX Does Not Constrain Members’ Ability to Act Pursuant to Other Provisions of the GATT 1994**

167. The Agreement on Safeguards, which provides context for Article XIX of the GATT 1994, also supports that invocation of Article XIX through written notice is a condition precedent to a Member’s exercise of its right to take action under Article XIX. As explained in Section IV.B.1, Article 11.1(c) supports this conclusion because a Member cannot seek, take, or maintain a measure “pursuant to” Article XIX without invoking that provision as set forth in Article XIX:2. In addition, contrary to the complainant’s assertions, Article 11.1(c) of the

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<sup>177</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/11, (emphasis added) (Nov. 14, 1946), at 15-16 (US-211).

<sup>178</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/11, (emphasis added) (Nov. 14, 1946), at 17 (US-211).

<sup>179</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, Verbatim Report, E/PC/T/C.II/PRO/PV/11, (emphasis added) (November 14, 1946), at 16-28 (US-211).

<sup>180</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, E/PC/T/C.II/57, Add.1, (November 20, 1946), at 1 (US-212).

<sup>181</sup> First Session of the Preparatory Committee of the International Conference on Trade and Employment, at 33 E/PC/T/33, at 33 (US-31).

Agreement on Safeguards, establishes that a Member may decide to seek, take, or maintain a measure pursuant to other provisions of the GATT 1994, such as Article XXI, and in such a case, the Agreement on Safeguards does not apply.

168. The requirement of invocation as a condition precedent to taking action under Article XIX is also supported by other provisions of the Agreement on Safeguards, as discussed in Section IV.B.2. Specifically, Article 1 and Article 11.1(a) support the requirement of invocation through notice by referring to Article XIX in its entirety, including the notice requirement set forth at Article XIX:2. Article 12 of the Agreement on Safeguards provides additional procedural requirements related to notification, but these requirements do not purport to limit the right of a Member to take safeguards action following “notice in writing” pursuant to Article XIX:2.

169. As described in Section IV.B.3, these conclusions are supported by the object and purpose of the Agreement on Safeguards, as set forth in its Preamble, to clarify and reinforce the obligations of Article XIX of the GATT 1994, including its notice requirement.

170. Although not necessary in this dispute, the Panel may have recourse to supplementary means of interpretation, including the drafting history of Articles 1 and 11 of the Agreement on Safeguards. As explained in Section IV.B.4, the drafting history of these provisions confirms that the invocation is a condition precedent to a Member’s exercise of its right to take action under Article XIX, and a Member’s ability to seek, take, or maintain safeguards measures does not constrain its ability to take such action pursuant to Article XXI.

**1. Article 11.1(c) Supports That Invocation is a Condition Precedent for the a Member’s exercise of its right to take action under Article XIX and Application of Safeguards Rules and that the Agreement on Safeguards Does Not Apply to a Measures Pursuant To Article XXI**

171. Article 11.1(c) of the Agreement on Safeguards supports that invocation of Article XIX through written notice is a necessary precondition to a Member’s exercise of its right to take action under Article XIX and the application of safeguards rules to that action. This provision states in relevant part that the Agreement on Safeguards “does not apply to measures sought, taken or maintained by a Member pursuant to provisions of GATT 1994 other than Article XIX.” Because a measure cannot be sought, taken or maintained “pursuant to” Article XIX:1 without the acting Member giving notice as set forth in Article XIX:2, Article 11.1(c) confirms that invocation is a condition precedent to the application of safeguards disciplines.

172. Furthermore, Article 11.1(c) establishes that a Member’s ability to seek, take, or maintain safeguard measures does not constrain a Member’s ability to take such action pursuant to other provisions of the GATT 1994, such as Article XXI. As Article 11.1(c) states the Agreement on Safeguards “does not apply” to such measures. Because the measures at issue in this dispute were sought, taken, and maintained pursuant to Article XXI, rather than Article XIX, this language excludes the application of the Agreement on Safeguards to the measures at issue here.

173. In attempting to argue that Article 11.1(c) does not preclude the application of the Agreement on Safeguards to the measures at issue, Russia suggests an understanding of the

terms “sought, taken or maintained” in Article 11.1(c) that is limited to the temporal aspects of these terms only. As Russia states,

We note that every term in this Article as in any treaty provision has its own meaning and due attention should be paid to it. Escaping providing definitions of the terms “sought”, “taken” or “maintained” Russia is of the view, that they represent different stages of measure’s “life”, i.e. whether a Member tries to take the measure (initial stage where the measure does not exist yet), whether a Member has already taken the measure (the action is made, measure becomes alive) and “maintained” (the measure exists for some time, long lasting measure that continues to exist).<sup>182</sup>

174. In addition, relying on its own incorrect construction of the U.S. measures at issue (as taken pursuant to both Article XIX and Article XXI<sup>183</sup>), Russia argues that only a measure that is sought, taken, or maintained “exclusively” pursuant to provisions other than Article XIX fall within Article 11.1(c).<sup>184</sup>

175. As the United States has explained, the measures at issue were taken pursuant to Article XXI, and not pursuant to Article XIX, as the United States has repeatedly made clear, including in communications to WTO committees and in connection with this dispute.<sup>185</sup> Accordingly, Russia’s emphasis on whether measures are sought, taken, or maintained “exclusively” pursuant to Article XIX is simply not applicable to the facts at issue.

176. Furthermore, contrary to Russia’s assertions, the terms “sought, taken or maintained” are not simply temporal in nature. Instead, these terms confirm that the Agreement on Safeguards does not constrain a Member’s ability to take action – or to seek to take action, or to maintain action – pursuant to provisions of the GATT 1994 other than Article XIX, such as Article XXI.

177. Specifically the words “sought, taken or maintained” modify the word “measures” in Article 11.1(c). “Sought” is the past tense and past participle of the verb “seek,” which can be defined as “[t]ry or attempt to do.”<sup>186</sup> “Taken” is the past participle of the verb “take,” which can

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<sup>182</sup> Russia’s Response to the Panel’s Question 20, para. 79.

<sup>183</sup> Russia’s Response to the Panel’s Questions 74(a) & (b), para. 249 (stating that Article 11.1(c) of the Agreement on Safeguards “excludes from the scope of applicability of Safeguard Agreement only those measures, which are sought, taken or maintained exclusively pursuant to provisions of GATT other than Article XIX of the GATT”).

<sup>184</sup> Russia’s Response to the Panel’s Question 20, paras. 76-78.

<sup>185</sup> See U.S. Response to the Panel’s Question 5(b)-(d) (citing and discussing U.S. statements in the WTO Council for Trade in Goods, Minutes of the Meeting of the Council for Trade in Goods, 10 November 2017, G/C/M/130 (Mar. 22, 2018), at 26-27 (US-80), WTO Council on Trade in Goods, Minutes of the Meeting of the Council for Trade in Goods, 23-26 March 2018, G/C/M/131 (Oct. 5, 2018), at 26-27 (US-81), WTO Committee on Safeguards, Communication from the United States, G/SG/168 (Apr. 5, 2018), at 1-2 (US-82), U.S. Mission to International Organizations in Geneva, Ambassador Dennis Shea’s Statement at the WTO General Council (May 8, 2018), at 3 (US-83), and Statements by the United States at the Meeting of the WTO Dispute Settlement Body, Geneva, October 29, 2018, November 21, 2018, and December 4, 2018 (US-84)).

<sup>186</sup> The New Shorter Oxford English Dictionary, 4th edn, L. Brown (ed.) (Clarendon Press, 1993), at 2758 (US-86).

be defined as “[h]ave an intended result; succeed, be effective, take effect.”<sup>187</sup> “Maintained” is the past tense and past participle of the verb “maintain,” which can be defined as “[c]ause to continue (a state of affairs, a condition, an activity, etc.)”<sup>188</sup> Definitions of the word “pursuant” – used as an adverb in Article 11.1(c) – include “[w]ith to: in consequence of, in accordance with.”<sup>189</sup>

178. With these definitions in mind, the ordinary meaning of the terms in Article 11.1(c) can be understood as “measures [that a Member has] tried or attempted to do, succeeded in doing, or caused to continue in accordance with provisions of the GATT 1994 other than Article XIX.” The ordinary meaning of these terms establishes that Article 11.1(c) is triggered – and the Agreement on Safeguards “does not apply” – when a Member acts (by seeking, taking or maintaining a measure) pursuant to a provision of the GATT 1994 other than Article XIX. Put differently, when a Member tries or attempts to take, succeeds in taking, or continues to take an action pursuant to Article XXI, as the United States has done with respect to the measures at issue in this dispute, the Agreement on Safeguards does not constrain a Member’s ability to seek, take, or maintain that measure.

179. The French and Spanish texts of the Agreement on Safeguards support this understanding of Article 11.1(c). In French, the relevant text of Article 11.1(c) reads “Le présent accord ne s'applique pas aux mesures qu'un Membre cherchera à prendre, prendra ou maintiendra en vertu de dispositions du GATT de 1994 autres que l'article XIX.” The verb “chercher” can be translated as “to try”, while the verb “prendre” means “to take,” and the verb “maintenir” can be translated as “to maintain [*situation, équilibre, privilege*].”<sup>190</sup> The phrase “en vertu de” can be translated as “by virtue of, pursuant to [*article, loi, ordonnance*].”<sup>191</sup>

180. In the French text, the first verb in the series (“cherchera à prendre”) is explicitly an attempt to carry out the second verb in the series (“prendra”). Thus, consistent with the English text, the ordinary meaning of the French text of Article 11.1(c) provides that the Agreement on Safeguards “does not apply” when a Member *attempts* or *tries* to *take* a measure pursuant to a provision of the GATT 1994 other than Article XIX, or when the Member is successful in taking such a measure or causes such a measure to continue. In that situation – when a Member’s action is “pursuant to” a provision of the GATT 1994 other than Article XIX – the Agreement on Safeguards does not constrain a Member’s ability to act.

181. The Spanish text also confirms this point. In Spanish, the relevant text of Article 11.1(c) reads, “El presente Acuerdo no es aplicable a las medidas que un Miembro trate de adoptar, adopte o mantenga de conformidad con otras disposiciones del GATT de 1994, aparte del

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<sup>187</sup> The New Shorter Oxford English Dictionary, 4th edn, L. Brown (ed.) (Clarendon Press, 1993), at 3206 (US-86).

<sup>188</sup> The New Shorter Oxford English Dictionary, 4th edn, L. Brown (ed.) (Clarendon Press, 1993), at 1669 (US-86).

<sup>189</sup> The New Shorter Oxford English Dictionary, 4th edn, L. Brown (ed.) (Clarendon Press, 1993), at 2422 (US-86).

<sup>190</sup> The *Oxford French Dictionary*, 4<sup>th</sup> edn, (Oxford University Press, 2007), at 148, 507, & 666-67 (emphasis added) (US-88).

<sup>191</sup> The *Oxford French Dictionary*, 4<sup>th</sup> edn, (Oxford University Press, 2007), at 890 (emphasis added) (US-88).

artículo XIX.” The verb “trate” comes from “tratar”, which translates as “to try,”<sup>192</sup> and the verb “adoptar” can be translated as “(actitud/costumbre) to adopt; <decision> to take.”<sup>193</sup> The verb “mantener” can be translated as “(conserver, preservar); to keep.”<sup>194</sup> The phrase “de conformidad con” can be translated as “in accordance with (frml)”<sup>195</sup>

182. In the Spanish text, as in the French, the first verb in the series (“trate de adoptar”) is explicitly an attempt to carry out the second verb in the series (“adopte”). This text makes clear that Article 11.1(c) is triggered when a Member *attempts* to *take* a measure pursuant to a provision of the GATT 1994 other than Article XIX, or when the Member is successful in taking such a measure or causes such a measure to continue. Like the English and French texts, when a Member’s action is “pursuant to” a provision of the GATT 1994 other than Article XIX, the Agreement on Safeguards does not apply, and those rules would not constrain a Member’s ability to act.

## **2. Other Provisions of the Agreement on Safeguards Also Support that Notice is a Condition Precedent for Action Under Article XIX**

183. In addition to Article 11.1(c), other provisions of the Agreement on Safeguards also support that invocation is a condition precedent for action under Article XIX. Both Article 1 and Article 11.1(a) refer to Article XIX in its entirety in describing, respectively, the scope of application for the rules established in the Agreement on Safeguards and when a Member may take or seek any emergency action on imports of particular products as set forth in Article XIX of GATT 1994. By referring to Article XIX in its entirety – including the requirement of invocation through notice set forth at Article XIX:2 – Article 1 and Article 11.1(a) of the Agreement on Safeguards support that invocation through written notice is a condition precedent to a Member’s exercise of its right to take action under Article XIX and the application of safeguards rules to that action. Article 12 of the Agreement on Safeguards sets forth procedural requirements to expand the *scope* of information a Member provides to other Members regarding its invocation of Article XIX and proposed action. Importantly, however, invocation through notice permits the exercise of a Member’s right under Article XIX, and Article 12 does not purport to alter this right.

184. In its interpretation of Article 1 and Article 11.1(a), Russia relies on its own incorrect construction of Article XIX. In its attempt to define a safeguard measure, for example, Russia looks to Article XIX:1(a) only, without considering the other paragraphs of that provision.<sup>196</sup>

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<sup>192</sup> *The Oxford Spanish Dictionary*, 1<sup>st</sup> edn, (Oxford University Press, 1994), at 757 (US-89).

<sup>193</sup> *The Oxford Spanish Dictionary*, 1<sup>st</sup> edn, (Oxford University Press, 1994), at 18 (US-89).

<sup>194</sup> *The Oxford Spanish Dictionary*, 1<sup>st</sup> edn, (Oxford University Press, 1994), at 479-80 (US-89).

<sup>195</sup> *The Oxford Spanish Dictionary*, 1<sup>st</sup> edn, (Oxford University Press, 1994), at 183 (US-89).

<sup>196</sup> Russia’s Response to the Panel’s Question 4, paras 19-21 (quoting Article 1 of the Agreement on Safeguards and stating “Article XIX:1(a) of the GATT 1994 does not contain any definition of the term ‘safeguard measure’. However, it indicates that such measures (i) suspend, in whole or in part, a GATT obligation or withdraw or modify a GATT concession; and (ii) the suspension, withdrawal, or modification in question must be designed to prevent or remedy serious injury to the Member’s domestic industry caused or threatened by increased imports of the subject product.”).

Russia’s arguments regarding Article 1 and Article 11.1(a) fail for the same reasons set forth in Section IV.A, and are not supported by the text of these provisions.

185. As Article 1 states, “[t]his Agreement establishes rules for the application of safeguard measures which shall be understood to mean those measures provided for in Article XIX of GATT 1994.” As set forth at Section IV.A, an integral feature of the right set out in Article XIX is the requirement of invocation as a precondition to taking action pursuant to that provision. By referring to Article XIX in its entirety in describing what should be “understood to mean” the “safeguard measures” for which the Agreement on Safeguards “establishes rules”, Article 1 incorporates the invocation requirement set forth in Article XIX.

186. Article 11.1(a) also refers to Article XIX in its entirety, and states, “[a] Member shall not take or seek any emergency action on imports of particular products as set forth in Article XIX of GATT 1994 unless such action conforms with the provisions of that Article applied in accordance with this Agreement.” By referring to Article XIX in its entirety – rather than referring to certain characteristics of the measure, or referring to only Article XIX:1(a) – Article 11.1(a) supports that invocation through written notice is a condition precedent to the application of safeguards disciplines.

187. Article 12 further supports this conclusion by identifying certain notification requirements that apply at different temporal stages of a safeguard investigation. Article 12.1, for example requires a Member to “immediately” notify the Committee on Safeguards upon (1) initiating an investigatory process relating to serious injury or threat, (2) making a finding of serious injury or threat caused by increased imports, and (3) taking a decision to apply or extend a safeguard measure. Article 12 sets procedural requirements to expand the *scope* of information a Member provides to other Members regarding its invocation of Article XIX and proposed action. Importantly, however, invocation through notice permits the exercise of a Member’s right under Article XIX, and Article 12 does not purport to alter this right.

### **3. The Object And Purpose Of The Agreement On Safeguards Supports This Interpretation**

188. The object and purpose of the Agreement on Safeguards, as set out in its Preamble, also supports that invocation is a precondition to a Member’s exercise of its right to take action under Article XIX. As the Preamble states, the drafters had “in mind the overall objective of the Members to improve and strengthen the international trading system based on GATT 1994[.]” In particular, the drafters recognized “the need to *clarify and reinforce* the disciplines of GATT 1994, and specifically those of its Article XIX (Emergency Action on Imports of Particular Products), to re-establish multilateral control over safeguards and eliminate measures that escape such control” (emphasis added).

189. Consistent with this language, the Agreement on Safeguards clarified and reinforced the disciplines of the GATT 1994, specifically those of Article XIX. Among the aspects of Article XIX that was so clarified and reinforced is the precondition in Article XIX that invocation is necessary such that a Member “shall be free” to exercise its rights and apply a measure that departs from its obligations and commitments.

190. Furthermore, “improv[ing] and strengthen[ing] the international trading system based on GATT 1994” requires giving effect to *all* provisions of the GATT 1994, including both obligations and exceptions. With this reference to the trading system as a whole, the object and purpose of the Agreement on Safeguards – as expressed in its preamble – confirms that a Member’s ability to seek, take, or maintain safeguard measures does not constrain a Member’s ability to take such action pursuant to other provisions of the GATT 1994, such as Article XXI.

**4. The Drafting History of the Agreement On Safeguards Confirms That Invocation Through Notice is a Precondition to a Member’s exercise of its right to take action under Article XIX and that the Agreement on Safeguards Does Not Constrain a Member’s Ability to Act Pursuant to Article XXI(b)**

191. The drafting history of the Agreement on Safeguards also confirms that invocation is a condition precedent to a Member’s exercise of its right to take action under Article XIX and the consequent application of safeguards rules to that action. The importance of invocation was highlighted during Tokyo Round discussions, and can be seen in the continued development of the text that became Article 1 and Article 11 of the Agreement on Safeguards after the Uruguay Round.

192. During the Tokyo Round negotiations, contracting parties perceived a need to clarify and strengthen the provisions of Article XIX.<sup>197</sup> In particular, certain contracting parties “affected by Article XIX measures wanted its provisions to be clarified and re-inforced” and “stressed the need for *more precise criteria for invocation of the safeguard clause*”.<sup>198</sup> The Tokyo Declaration, adopted in September 1973, stated that negotiations should examine “the adequacy of the multilateral safeguard system, considering particularly the modalities of application of Article XIX, with a view to furthering trade liberalization and preserving its results.”<sup>199</sup>

193. Although negotiations reached an impasse at the end of the Tokyo Round in April 1979 and no new text was agreed to, Members continued discussing these issues in the Uruguay Round negotiations. In particular, in preparing the text that became Article 1 and Article 11.1 of the Agreement on Safeguards, Uruguay Round drafters abandoned their early attempts to include a definition for what would constitute safeguard measures, and instead included only a reference to the provisions of Article XIX. This decision by the Uruguay Round drafters confirms that it is the terms of Article XIX – including its invocation requirement – that define what constitutes safeguard measures under the Agreement on Safeguards and under Article XIX.

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<sup>197</sup> *Work Already Undertaken in the GATT on Safeguards*, MTN.GNG/NG9/W/1, (Apr. 7, 1987), page 4, para. 14 (“During the preparatory stage before the Ministerial meeting in Tokyo, the question of the adequacy or otherwise of the existing multilateral safeguard system acquired increased importance as an issue for the negotiations.”) (US-213).

<sup>198</sup> *Work Already Undertaken in the GATT on Safeguards*, MTN.GNG/NG9/W/1, (Apr. 7, 1987), para. 14 (emphasis added) (US-213)

<sup>199</sup> *Work Already Undertaken in the GATT on Safeguards*, MTN.GNG/NG9/W/1, (Apr. 7, 1987), para. 15 (US-213); see also Declaration of Ministers Approved at Tokyo on 14 September 1973, reprinted in GATT, BISD 20th Supp. at 19, 21 (1974) (US-214).



194. Furthermore, Uruguay Round drafters also abandoned their early proposals that could have been seen as limiting Members’ ability to take action pursuant to provisions of the GATT 1994 other than Article XIX. This decision by drafters confirms that nothing in the Agreement on Safeguards constrains a Member’s ability to take action pursuant to Article XXI.

***a. Negotiators Abandoned Draft Text That Defined Safeguard Measures Based Characteristics, Rather Than By Reference To Article XIX***

195. In early Uruguay Round drafts of the Agreement on Safeguards, the “General Provisions” section included language that would have defined “safeguards” based on certain characteristics that those measures might exhibit, rather than by a general reference to Article XIX. For example, the first draft of the Agreement on Safeguards, produced in June 1989 by the Negotiating Group on Safeguards provided in relevant part:

GENERAL PROVISIONS

1. *This agreement covers all safeguard measures designed to give protection to domestic industries in the circumstances specified below.*

2. *Safeguards consist of import relief measures that entail the suspension, in whole or in part, of obligations, including concessions under the GATT, and are designed to prevent or remedy certain emergency situations and to facilitate structural adjustment of domestic industries or the reallocation of resources, as provided for in Section II below.*<sup>200</sup>

196. This June 1989 draft therefore would have defined safeguard measures at paragraph 1 as comprising “all safeguard measures designed to give protection to domestic industries in the circumstances specified below.” Paragraph 2 would then have gone on to identify the circumstances in which such measures could be taken, the characteristics they would entail, and the purpose for which they would have been taken.<sup>201</sup> Without an express reference to Article XIX, this text could be understood to refer to measures other than those taken pursuant to Article XIX. In other words, under these draft provisions, the Agreement on Safeguards could have been construed to apply to measures for which a Member had *not* invoked its right to take action under Article XIX – so long as the measure in question otherwise reflected the identified characteristics.

197. Although the January 1990 and July 1990 drafts of the Agreement on Safeguards contained the same provisions as the July 1989 draft (defining safeguards based on characteristics of the measure, rather than based on a reference to Article XIX),<sup>202</sup> negotiators

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<sup>200</sup> Negotiating Group on Safeguards, Draft Text by the Chairman, MTN.GNG/NG9/W/25 (June 27, 1989), paras. 1 & 2 (US-215).

<sup>201</sup> Negotiating Group on Safeguards, Draft Text by the Chairman, MTN.GNG/NG9/W/25 (June 27, 1989), para. 2 (US-215).

<sup>202</sup> As the January 1990 text stated, “Safeguard measures consist of import relief measures that entail the suspension, in whole or in part, of obligations, or the withdrawal or modification of concessions under the General Agreement,

abandoned this approach by October 1990. The October 1990 draft agreement stated in relevant part:

#### GENERAL

1. This agreement establishes rules for the application of safeguard measures *which shall be understood to mean those measures provided for in Article XIX of the General Agreement.*

#### CONDITIONS

2. A contracting party may apply a safeguard measure to a product only if the importing contracting party has determined, pursuant to the provisions set out below, that such product is being imported into its territory in such increased quantities, absolute or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products.<sup>203</sup>

198. As this text shows, in the October 1990 draft of the Agreement on Safeguards, the “general” provision at paragraph 1 was revised to define safeguard measures by reference to Article XIX. These two provisions of the Agreement on Safeguard were retained in the further drafts of the Agreement on Safeguards of December 1990,<sup>204</sup> June 1991,<sup>205</sup> and December 1991,<sup>206</sup> and became the final text of Article 1 of the Agreement on Safeguards.

199. Negotiators’ decision to define safeguards measures as those measures “provided for in Article XIX” – as opposed to defining safeguards based on the characteristics of such measures, as the June 1989 and January 1990 drafts had done – indicates that the drafters intended for the provisions of Article XIX to be determinative as to whether a particular measure was a safeguard measure for purposes of the Agreement on Safeguards. Because the measures “provided for” in Article XIX are measures for which a Member proposing to take action has provided notice in

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adopted to prevent or remedy certain emergency situations. . .”. Negotiating Group on Safeguards, Draft Text by the Chairman, MTN.GNG/NG9/W/25/Rev.1 (Jan. 15, 1990), para. 2 (US-216). As the July 1990 draft stated, “[f]or purposes of this Agreement, a safeguard measure shall be understood to mean a border measure entailing the suspension, in whole or in part, of obligations or the withdrawal or modification of concessions necessary under the conditions and procedures provided for below, to prevent or remedy serious injury to a domestic industry and to facilitate adjustment. Any trade-restrictive border measure taken in violation of the said conditions and procedures shall not be deemed to be a legitimate safeguard measure.” Negotiating Group on Safeguards, Draft Text by the Chairman, MTN.GNG/NG9/W/25/Rev.2 (July 13, 1990), para. 1 (US-217).

<sup>203</sup> Negotiating Group on Safeguards, Additional United States’ Proposals on Safeguards, MTN.GNG/NG9/W/31 (Oct. 31, 1990), at 2 (emphasis added) (US-218); Agreement on Safeguards, art. 1.

<sup>204</sup> Trade Negotiations Committee, Draft Final Act Embodying The Results of the Uruguay Round of Multilateral Trade Negotiations, Revision, MTN.TNC/W/35/Rev.1 (Dec. 3, 1990), at 184 (US-189).

<sup>205</sup> Negotiating Group on Rule Making and Trade-Related Investment Measures, Safeguards, Note by the Secretariat MTN.GNG/RM/W/3 (June 6, 1991), at 4 (US-219)

<sup>206</sup> Trade Negotiations Committee, Draft Final Act Embodying The Results of the Uruguay Round of Multilateral Trade Negotiations, MTN.TNC/W/FA (Dec. 20, 1991), at M.1 (US-190).

writing as required in Article XIX:2, this decision by the drafters of the Agreement on Safeguards confirms that invocation through notice is a fundamental, condition precedent for a measure to be a “safeguard measure” subject to the safeguards disciplines contained in that Agreement.

***b. Negotiators Abandoned Draft Text That Purported To Limit Members’ Ability To Take Action Pursuant to Provisions Of The GATT 1994 Other than Article XIX***

200. The negotiating history of the Agreement on Safeguards also confirms that nothing in the Agreement on Safeguards affects a Member’s ability to take action under Article XXI or another provision of the GATT 1994 other than Article XIX.

201. As discussed above at Section IV.B.4.a., the June 1989 draft of the Agreement on Safeguards defined safeguards measures based on certain characteristics they might exhibit, rather than through reference to Article XIX. Regarding a Member’s ability to invoke the Article XIX, the June 1989 draft would have limited this right to situations in which certain other provisions of the GATT 1994 were not available:

CONDITIONS

4. A contracting party [or a customs union] may apply safeguard measures to a product being imported into its territory, *only in a situation in which other GATT provisions do not provide specific remedies (e.g. Articles VI, XVI or XXVIII)*, and on the conditions that:

(a) there has been an unforeseen, sharp and substantial increase in the quantity of such product being imported;

(b) the competent national authorities of the importing contracting party have established that such increase is causing serious injury to domestic producers of like or directly competitive products; and

(c) the measures are applied to products from all sources.<sup>207</sup>

202. The January 1990 draft of the Agreement on Safeguards broadened this constraint by omitting the reference to Articles VI, XVI or XXVIII; accordingly, safeguard action would only have been permissible if *no other* provision of GATT 1994 were available. As the January 1990 draft text stated:

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<sup>207</sup> Negotiating Group on Safeguards, Draft Text by the Chairman, MTN.GNG/NG9/W/25 (June 27, 1989), para. 4 (US-215).

4. A contracting party [or a customs union] may apply safeguard measures to a product being imported into its territory, *only in a situation in which other GATT provisions do not provide specific remedies*, and on the conditions that...<sup>208</sup>

203. By July 1990, however, negotiators of the Agreement on Safeguards had abandoned this approach. While the July 1990 draft still defined safeguards based on their characteristics, it now made clear that this definition would not prejudice a Member's ability to take action pursuant to provisions of the GATT 1994 other than Article XIX:

2. The provisions of paragraph 1 [defining a safeguard measure] above *do not prejudice the rights and obligations of contracting parties regarding trade-restrictive measures taken in conformity with specific provisions of the General Agreement other than Article XIX, protocols, and agreements and arrangements negotiated under the auspices of GATT.*<sup>209</sup>

204. Although the phrasing and placement of this provision changed as the negotiations went along, negotiators' underlying intent to prevent the terms of the Agreement on Safeguards from prejudicing Members' rights under other GATT provisions continued to be reflected in the text.

205. The October 1990 draft Agreement on Safeguards, the text regarding the relationship between safeguard measures and other possible bases for action under the GATT 1994 was rephrased and moved to paragraph 24, which stated:

24. *No trade-restrictive measure shall be sought or taken by a contracting party unless it conforms with the provisions of Article XIX as interpreted by the provisions of this agreement, or is consistent with other provisions of the General Agreement, or protocols and agreements or arrangements concluded within the framework of the General Agreement.*<sup>210</sup>

206. With this text, the October 1990 draft continues to make clear – like the July 1990 draft – that the availability of Article XIX as a release from obligations does not constrain a Member's ability to take action pursuant to other provisions of the GATT 1994. So much is clear based on the use of the word “*or*” in the draft paragraph 24 quoted above, which confirms that that Members could seek or take trade-restrictive measures that were *either* in conformity with Article XIX *or* consistent with other provisions of the General Agreement (including Article XXI).

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<sup>208</sup> Negotiating Group on Safeguards, Draft Text by the Chairman, MTN.GNG/NG9/W/25 (June 27, 1989), para. 4 (US-215).

<sup>209</sup> Negotiating Group on Safeguards, Draft Text by the Chairman, MTN.GNG/NG9/W/25/Rev.2 (July 13, 1990), para. 2 (emphasis added) (US-217).

<sup>210</sup> Negotiating Group on Safeguards, Draft Text of an Agreement, MTN.GNG/NG9/W/25/Rev.3 (Oct. 31, 1990), at (emphases added) (US-220).

207. In the December 1991 draft Agreement on Safeguards, this provision was moved to paragraph 22, rephrased, and divided into parts, to read as follows:

22. (a) A contracting party shall not take or seek any emergency action on imports of particular products as set forth in Article XIX unless such action conforms with the provisions of Article XIX of the General Agreement applied in accordance with this agreement.

....

(c) Measures sought, taken or maintained by a contracting party pursuant to other provisions of the General Agreement, or protocols and agreements or arrangements concluded within the framework of the General Agreement are not included in the scope of this agreement.<sup>211</sup>

208. Paragraph 22(a) mirrors Article 11.1(a) of the Agreement on Safeguards, and confirms that “emergency action on imports of particular products as set forth in Article XIX” – including the invocation requirement in Article XIX – must conform with the provisions of both Article XIX and the Agreement on Safeguards.

209. Paragraph 22(c) is similar to Article 11.1(c), particularly its reference to measures “sought, taken or maintained . . . pursuant to” other provisions of the General Agreement. In the final text of the Agreement on Safeguards, paragraph 22(c) of this draft was again rephrased to emphasize this point. Specifically, the January 1991 draft language stating that measures sought, taken, or maintained pursuant to other provisions of the GATT 1994 “are not included in the scope of” the Agreement on Safeguards was replaced with a more definite statement that the Agreement on Safeguards “does not apply” to such measures.<sup>212</sup>

210. By stating that the Agreement “does not apply” to such measures, this final text makes even clearer that a Member’s ability to seek, take, or maintain safeguard measures does not constrain a Member’s ability to take such action pursuant to other provisions of the GATT 1994, such as Article XXI. And that where a Member has sought, taken or maintained action pursuant to an “*other* provision of the GATT 1994,” as the United States has explained, the Agreement on Safeguards “does not apply.”

## **V. The Panel Should Begin Its Analysis By Addressing the United States’ Invocation of Article XXI**

211. The DSU does not specify the order of analysis that a panel must adopt, and instead leaves this matter up to the Panel’s determination. Therefore, the Panel may consider the issues presented in any order that it sees fit. Whatever the Panel’s *internal* ordering of its analysis, as the United States has explained in Section III, in light of the U.S. invocation of Article XXI(b)

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<sup>211</sup> Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, MTN.TNC/W/FA (Dec. 1991), at M.6 (US-190).

<sup>212</sup> As the final text of Article 11.1(c) provides in relevant part, “This Agreement does not apply to measure sought, taken or maintained by a Member pursuant to provisions of GATT 1994 other than Article XIX.” Agreement on Safeguards, art. 11.1(c).

and the self-judging nature of that provision, the sole *finding* that the Panel may make in its report – consistent with its terms of reference and the DSU – is to note its understanding of Article XXI and that the United States has invoked Article XXI. No additional findings concerning the claims raised by the complaining Member in its submissions would be consistent with the DSU, in light of the text of Article XXI(b). Accordingly, the Panel should begin by addressing the United States’ invocation of GATT 1994 Article XXI(b).

212. Russia suggests that the Panel begin its analysis by determining “whether the challenged measures are safeguard measures and thus within the scope of the US’ obligations under the Safeguards agreement.”<sup>213</sup> After making this determination, Russia suggests that the Panel “mov[e] on to more substantive questions” under the Agreement on Safeguards, and thereafter examine Russia’s claims under the GATT 1994.<sup>214</sup> According to Russia, the Panel should examine the U.S. arguments under Article XXI “[o]nly after concluding its analyses with respect to the inconsistency of the measures at issue with the claimed provisions of the mentioned agreements.”<sup>215</sup> In its analysis of Article XXI, Russia suggests the Panel must determine whether Article XXI(b) “justifies the breach of obligations under Safeguard Agreement and the GATT and whether the US proves such a justification.”<sup>216</sup>

213. It is not correct to argue that the Panel must first determine whether the measures challenged breach the GATT 1994 or the Agreement on Safeguards before assessing the U.S. invocation of Article XXI. This is because Article XXI is a defense to claims under both the Agreement on Safeguards and the GATT 1994, and the United States has invoked Article XXI as to *all* aspects of *all* the measures challenged. Thus, if the Panel determines that Article XXI(b) is self-judging, consistent with the text, or that Article XXI in any event applies under another interpretation, there would be no need to review any of the complainant’s claims.

214. Nor does characterizing Article XXI as an “affirmative defense” or an “exception” require the Panel to begin its analysis with the complainant’s claims. The DSU does not use these terms, and instead calls on the Panel to interpret Article XXI in accordance with customary rules of interpretation. As interpreted according to these customary rules, Article XXI is a self-judging exception to a Member’s obligations, both under the GATT 1994 and the Agreement on Safeguards. Once the United States invokes Article XXI(b), the sole finding that the Panel may make – consistent with its terms of reference and the DSU – is to note the U.S. invocation of Article XXI. Any characterization of Article XXI as an affirmative defense or other kind of exception cannot change the ordinary meaning of Article XXI, such that the invoking party must make a legal or evidentiary showing not required by the text.

215. Even where it is claimed that Article XXI is not a defense to claims under the Agreement on Safeguards – which the United States disagrees with – addressing Article XXI first also leads to the conclusion under Article 11.1(c) of the Agreement on Safeguards that the Agreement on Safeguards is not applicable to the challenged measures. This is because – as explained further

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<sup>213</sup> Russia’s Response to the Panel’s Question 22, para. 88.

<sup>214</sup> Russia’s Response to the Panel’s Question 22, para. 88.

<sup>215</sup> Russia’s Response to the Panel’s Question 22, para. 88.

<sup>216</sup> Russia’s Response to the Panel’s Question 22, para. 88.

in Part IV.B. and in the U.S. Response to the Panel’s Question 20 – Article 11.1(c) of the Agreement on Safeguards makes clear that that agreement “does not apply” to a measure sought, taken, or maintained pursuant to Article XXI of GATT 1994, such as the measures at issue in this dispute.

216. In sum, as the United States has explained, under the terms of reference set by the DSB for the Panel, the Panel is to examine the matter and to make such findings as will assist the DSB in making recommendations to bring a WTO-inconsistent measure into conformity with the covered agreements. If the Panel objectively examines Article XXI and agrees this provision is self-judging, there is no finding in relation to any claim by the complainant that would assist the DSB in making a recommendation. That is, whatever the arguments brought forward in relation to a claim, the Panel would find that Article XXI serves as an exception to that claim. There is no basis under the Panel’s terms of reference to make a findings on a claim that could not lead to a recommendation. For purposes of its report, therefore, the Panel should start its analysis with Article XXI.

## **VI. Conclusion**

217. For the foregoing reasons, the United States respectfully requests that the Panel find that the United States has invoked its essential security interests under GATT 1994 Article XXI(b) and so report to the DSB.

**Annex I: Comparison of the English, French and Spanish Texts of Article XXI(b) of the GATT 1994**

|                              | <b>English</b>   | <b>French</b>  | <b>Spanish</b>   |
|------------------------------|--|--|--|
| <b>GATT 1994 Art. XXI(b)</b> | <p>Nothing in this Agreement shall be construed</p> <p>...</p> <p>(b) to prevent any contracting party from taking any action which it considers necessary for the protection of its essential security interests</p> <p>(i) relating to fissionable materials or the materials from which they are derived;</p> <p>(ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;</p> <p>(iii) taken in time of war or other emergency in international relations; or</p> | <p>Aucune disposition du présent Accord ne sera interprétée</p> <p>...</p> <p>b) ou comme empêchant une partie contractante de prendre toutes mesures qu'elle estimera nécessaires à la protection des intérêts essentiels de sa sécurité:</p> <p>(i) se rapportant aux matières fissiles ou aux matières qui servent à leur fabrication;</p> <p>ii) se rapportant au trafic d'armes, de munitions et de matériel de guerre et à tout commerce d'autres articles et matériel destinés directement ou indirectement à assurer l'approvisionnement des forces armées;</p> <p>iii) appliquées en temps de guerre ou en cas de grave tension internationale;</p> | <p>No deberá interpretarse ninguna disposición del presente Acuerdo en el sentido de que:</p> <p>...</p> <p>b) impida a una parte contratante la adopción de todas las medidas que estime necesarias para la protección de los intereses esenciales de su seguridad, relativas:</p> <p>i) a las materias fisionables o a aquellas que sirvan para su fabricación;</p> <p>ii) al tráfico de armas, municiones y material de guerra, y a todo comercio de otros artículos y material destinados directa o indirectamente a asegurar el abastecimiento de las fuerzas armadas;</p> <p>iii) a las aplicadas en tiempos de guerra o en caso de grave tensión internacional;</p> |



**Annex 2: Comparison of the Spanish text of the Security Exception in the GATT 1994, GATS and TRIPS**

|           | <b>GATT 1994, Art. XXI</b>   | <b>GATS, Art. XIVbis</b>  | <b>TRIPS Agreement, Art. 73</b>  |
|-----------|--|---|--|
| <b>EN</b> | <p>Nothing in this Agreement shall be construed</p> <p>(b) to prevent any contracting party from taking any action which it considers necessary for the protection of its essential security interests</p> <p>(i) relating to fissionable materials or the materials from which they are derived;</p> <p>(ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;</p> <p>(iii) taken in time of war or other emergency in international relations; or</p>  | <p>Nothing in this Agreement shall be construed:</p> <p>(b) to prevent any Member from taking any action which it considers necessary for the protection of its essential security interests:</p> <p>(i) relating to the supply of services as carried out directly or indirectly for the purpose of provisioning a military establishment;</p> <p>(ii) relating to fissionable and fusionable materials or the materials from which they are derived;</p> <p>(iii) taken in time of war or other emergency in international relations; or</p>  | <p>Nothing in this Agreement shall be construed:</p> <p>(b) to prevent a Member from taking any action which it considers necessary for the protection of its essential security interests;</p> <p>(i) relating to fissionable materials or the materials from which they are derived;</p> <p>(ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;</p> <p>(iii) taken in time of war or other emergency in international relations; or</p>   |
| <b>FR</b> | <p>Aucune disposition du présent Accord ne sera interprétée</p> <p>...</p> <p>b) ou comme empêchant une partie contractante de prendre toutes mesures qu'elle estimera nécessaires à la protection des intérêts essentiels de sa sécurité:</p> <p>i) se rapportant aux matières fissiles ou aux matières qui servent à leur fabrication;</p> <p>ii) se rapportant au trafic d'armes, de munitions et de matériel de guerre et à tout commerce d'autres articles et matériel destinés directement ou indirectement à assurer l'approvisionnement des forces armées;</p> <p>iii) appliquées en temps de guerre ou en cas de grave tension internationale;</p>                | <p>Aucune disposition du présent accord ne sera interprétée:</p> <p>...</p> <p>b) ou comme empêchant un Membre de prendre toutes mesures qu'il estimera nécessaires à la protection des intérêts essentiels de sa sécurité:</p> <p>i) se rapportant à la fourniture de services destinés directement ou indirectement à assurer l'approvisionnement des forces armées;</p> <p>ii) se rapportant aux matières fissiles et fusionables ou aux matières qui servent à leur fabrication;</p> <p>iii) appliquées en temps de guerre ou en cas de grave tension internationale;</p>             | <p>Aucune disposition du présent accord ne sera interprétée:</p> <p>...</p> <p>b) ou comme empêchant un Membre de prendre toutes mesures qu'il estimera nécessaires à la protection des intérêts essentiels de sa sécurité:</p> <p>i) se rapportant aux matières fissiles ou aux matières qui servent à leur fabrication;</p> <p>ii) se rapportant au trafic d'armes, de munitions et de matériel de guerre et à tout commerce d'autres articles et matériel destinés directement ou indirectement à assurer l'approvisionnement des forces armées;</p> <p>iii) appliquées en temps de guerre ou en cas de grave tension internationale;</p>         |
| <b>SP</b> | <p>No deberá interpretarse ninguna disposición del presente Acuerdo en el sentido de que:</p> <p>...</p> <p>b) impida a una parte contratante la adopción de todas las medidas que estime necesarias para la protección de los intereses esenciales de su seguridad, relativas:</p> <p>i) a las materias fisionables o a aquellas que sirvan para su fabricación;</p> <p>ii) al tráfico de armas, municiones y material de guerra, y a todo comercio de otros artículos y material destinados directa o indirectamente a asegurar el abastecimiento de las fuerzas armadas;</p> <p>iii) a las aplicadas en tiempos de guerra o en caso de grave tensión internacional;</p> | <p>Ninguna disposición del presente Acuerdo se interpretará en el sentido de que:</p> <p>...</p> <p>b) impida a un Miembro la adopción de las medidas que estime necesarias para la protección de los intereses esenciales de su seguridad:</p> <p>i) relativas al suministro de servicios destinados directa o indirectamente a asegurar el abastecimiento de las fuerzas armadas;</p> <p>ii) relativas a las materias fisionables o fusionables o a aquellas que sirvan para su fabricación;</p> <p>iii) aplicadas en tiempos de guerra o en caso de grave tensión internacional; o</p> | <p>Ninguna disposición del presente Acuerdo se interpretará en el sentido de que:</p> <p>...</p> <p>b) impida a un Miembro la adopción de las medidas que estime necesarias para la protección de los intereses esenciales de su seguridad:</p> <p>i) relativas a las materias fisionables o a aquellas que sirvan para su fabricación;</p> <p>ii) relativas al tráfico de armas, municiones y material de guerra, y a todo comercio de otros artículos y material destinados directa o indirectamente a asegurar el abastecimiento de las fuerzas armadas;</p> <p>iii) aplicadas en tiempos de guerra o en caso de grave tensión internacional;</p> |