

**UNITED STATES - TAX TREATMENT OF
"FOREIGN SALES CORPORATIONS"**

Recourse by the United States to Article 22.6 of the DSU
and Article 4.11 of the SCM Agreement

Communication from the Panel

The following communication, dated 21 December 2000, has been received from the Permanent Commission of the European Communities and the Permanent Mission of the United States addressed to Mr. C. Falconer, Chairman of the original panel, carrying out the arbitration:

"The European Communities (EC) and the United States of America (US) wish to thank you and the other arbitrators for accepting to serve in the above-captioned proceeding.

On 20 December 2000, at the request of the EC the DSB established a Panel under Article 21.5 of the DSU. The EC and the US understand that you and the other arbitrators have also accepted to serve as panellists in that proceeding. In the light of this development and in accordance with paragraph 11 of the 29 September 2000 Procedures agreed between the EC and the US, the EC and the US would request you and the other arbitrators to suspend the arbitration proceeding until adoption of the Panel Report or, if there is an appeal, adoption of the Appellate Body Report.

As recognized in the 29 September 2000 Procedures agreed between the EC and the US, the above is without prejudice to the right of the EC or the US to take any action or procedural step in order to protect its rights and interests under the WTO Agreement, including the reactivation of the arbitration procedure."

The arbitration has accordingly been suspended pursuant to this joint request by the parties.
