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INDIA – MEASURES AFFECTING THE AUTOMOTIVE SECTOR

Request for Consultations

The following communication, dated 6 October 1998, from the Permanent Delegation of the European Commission to the Permanent Mission of India and to the Chairman of the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

On behalf of the European Communities, I hereby request consultations with India pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), Article XXII:1 of the General Agreement on Tariffs and Trade 1994 (GATT 1994) and Article 8 of the Agreement on Trade-Related Investment Measures (TRIMs Agreement), concerning certain measures affecting the automotive sector.

The measures in question include, but are not limited to, the documents entitled ("Export and Import Policy, 1997-2002", "ITC (HS Classification) Export and Import Policy 1997-2002" ("Classification") and "Public Notice No 60 (PN/97-02) of 12 December 1997, Export and Import Policy April 1997-March 2002 – Policy relating to import of CKD/SKD kits/components by Joint Venture Car manufacturer companies under the MoU to be signed with the Government of India" ("Public Notice No 60"); as well as any other legislative or administrative provision implemented or consolidated therein; and any implementing measures taken thereunder, including in particular the Memorandums of Understanding ("MoU") signed by the Indian Government with certain manufacturers of automobiles.

Under the above measures, imports of complete automobiles and of certain parts and components therefor are subject to a system of non-automatic import licenses. Furthermore, it appears that, in practice, non automatic import licenses are also required for the importation of other automotive parts and components, despite the fact that, according to the Classification as well as to the notifications made by India to the WTO, imports of those parts and components are "free" from quantitative restrictions. In accordance with Public Notice No 60, import licenses may be granted only to local joint venture automotive manufacturers that have signed a MoU with the Government of India whereby they undertake to comply with, *inter alia*, certain local content and export balancing requirements.

The European Communities wish to express their concern with the apparent lack of conformity of the above measures with the obligations of India under GATT 1994 and the TRIMs Agreement. In particular, the Communities' concerns related to the following provisions:

- Articles III and XI of GATT 1994;
- Article 21 of the TRIMs Agreement.

I look forward to receiving your reply to this request from the European Communities and to setting a mutually convenient date for these consultations.

A copy of this letter has been sent to the Chairman of the Dispute Settlement Body and to the Chairman of the Council for Trade in Goods.
