

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:3157  
ANSWERED ON:16.08.2005  
TRADE DISPUTE  
Singh Shri Sitaram

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) the details of the trade disputes filed by India against various countries and those filed against India by various countries since 1995;
- (b) whether India has lost to the USA and the European Union at WTO in the cases wherein the foreign auto manufacturers were to sign an agreement on indigenous development of parts and the export obligations; and
- (c) if so, the details thereof?

**Answer**

MINISTER OF STATE FOR COMMERCE AND INDUSTRY ( SHRI E.V.K.S. ELANGO VAN)

(a) : Under the World Trade Organisation (WTO) Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), consultations have been held from time to time with other WTO Members on different trade measures with a view to obtaining mutually agreed resolution of the matter. If the consultations do not resolve the matter to mutual satisfaction, the complaining Member may request the Dispute Settlement Body (DSB) of the WTO to establish a Panel for examination of the claims of the complaining Member. A list of disputes between India and other WTO Members, which went to the Panel/Appellate Body stage since 1995 and till date, in which either India has been the complaining party or the party complained against is enclosed at Annexure-I.

(b) & (c) : Yes Sir. At the request of United States (US) and European Union (EU), a Dispute Settlement Panel was established in the WTO to look into the WTO consistency of India's policy related to import of Completely Knocked Down (CKD)/Semi Knocked Down (SKD) kits by joint venture car manufacturer companies, which had been announced vide Public Notice No. 60 dated 12th December 1997 and which inter alia required all car manufacturing companies to sign a Memorandum of Understanding (MOU) and undertake trade balancing and indigenisation obligations in return for grant of licences for import of CKD/SKD kits. The Panel in its final findings released on 21st December 2001 had held that the Public Notice 60 and the consequent MOUs, including provisions related to 'indigenisation' requirement and trade balancing requirement are inconsistent with the relevant provisions of WTO (Art. III and Art. XI of GATT (1994)). The Panel separately looked into the changes in Indian policy after 1st April 2001 as regards the effect they may have on the 'indigenisation and 'trade balancing' obligations and found that these measures have not corrected the inconsistency.

India filed a notice for an appeal to the Appellate Body on 31st January 2002. The appeal was mainly related to the legal issue of the Panel having exceeded its terms of reference by ruling on measures introduced after the establishment of the Panel. In view of the announcement of the new Auto policy, that it will be in harmony with the commitments made to the WTO, it was considered appropriate to close this matter and the appeal was withdrawn on 14th March 2002.

The Dispute Settlement Body (DSB) of the WTO had on 5th April 2002 adopted the Panel report in this dispute. India expressed its intention to comply with the above ruling at the DSB meeting on 2 May 2002 within a reasonable period of time of up to 5 September 2002. India has fully complied with the DSB rulings in the dispute within the reasonable period time.

Annexure-I

List of disputes between India and other WTO Members, which went to the Panel/Appellate Body stage since 1995 and till date, in which either India has been the complaining party or the party complained against

Sl. No.	Subject of the Disputes by India	Complainant Against	Won/Lost
1.	India- Quantitative restrictions on imports of agricultural, textile and industrial products.	USA	India Lost
2.	India - Patent protection for pharmaceutical and agricultural chemical products.	EC	India Lost

3. Turkey - Restrictions on imports of textile and clothing products India Turkey Won
4. India-Patent protection for pharmaceutical and agricultural chemical products USA India Lost
5. USA- Import prohibition of certain shrimp and shrimp products India USA Won
6. USA-Measures affecting imports of Women`s and girl`s wool coats India USA Won
7. USA- Measures affecting imports of woven wool shirts and blouses. India USA Won
8. EC-Anti-Dumping duties on imports of cotton type Bed-Linen from India. India EC Won
9. India- Measures affecting the Auto motive sector - (Auto policy) EC India Lost
10. India- Measures affecting the Automotive sector - (Auto policy) USA India Lost
11. US-Anti-dumping and countervailing measures on Steel Plates from India India US Won
12. US- Continued Dumping and Subsidy Offset Act of 2000 (Byrd Amendment) India and 8 other countries US Won
13. US- Rules of Origin for Textiles and Apparel Products. India US Lost
- 14 EC-Anti-dumping duties on imports of cotton type bed linen from India (Article 21.5 Panel) India EC Won
15. EC-Conditions for granting of Tariff Preferences to Developing countries (EC-GSP). India EC Won