

Original: English

**INDIA – MEASURES AFFECTING TRADE AND INVESTMENT  
IN THE MOTOR VEHICLE SECTOR**

Request for Consultations by the United States

The following communication, dated 2 June 1999, from the Permanent Mission of the United States 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.

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My authorities have instructed me to request consultations with the Government of India pursuant to Articles 1 and 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 (to the extent it incorporates by reference Article XXII of the GATT 1994) regarding certain measures affecting trade and investment in the motor vehicle sector. These measures have been implemented by India through Public Notice No. 60 ((PN)/97-02) of the Indian Ministry of Commerce, published in the Gazette of India Extraordinary, effective 12 December 1997; the Foreign Trade (Development & Regulation) Act 1992; the Export and Import Policy, 1997-2002; memoranda of understanding signed by the Government of India pursuant to Public Notice No. 60; as well as any amendments thereto, any other legislative or administrative provisions implemented or consolidated therein, and any implementing measures or associated administrative actions taken thereunder.

The measures in question require manufacturing firms in the motor vehicle sector to achieve specified levels of local content; to achieve a neutralization of foreign exchange by balancing the value of certain imports with the value of exports of cars and components over a stated period; and to limit imports to a value based on the previous year's exports. These measures are enforceable under Indian law and rulings (including under the Foreign Trade (Development & Regulation) Act 1992). In addition, manufacturing firms in the motor vehicle sector must comply with these requirements in order to obtain Indian import licenses for certain motor vehicle parts and components.

The United States considers that these measures violate the obligations of India under Articles III and XI of the GATT 1994, and Article 2 of the Agreement on Trade-Related Investment Measures.

We look forward to receiving your reply to this request and to fixing a mutually acceptable date for consultations.

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