

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

Request for the Establishment of a Panel by the United States

The following communication, dated 15 May 2000, from the Permanent Mission of the United States to the Chairman of the Dispute Settlement Body, is circulated pursuant to Article 6.2 of the DSU.

The United States considers that certain Indian measures affecting trade and investment in the motor vehicle sector are inconsistent with India's obligations under the WTO Agreement. The measures in question require manufacturing firms in the motor vehicle sector to achieve specified levels of purchase or use of domestic content; to achieve a neutralization of foreign exchange and to balance 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 previous exports. These requirements are enforceable under Indian law and rulings (including under the Foreign Trade (Development and Regulation) Act 1992). In addition, manufacturing firms in the motor vehicle sector must comply with these requirements in order to obtain certain Indian import licenses. The United States believes that the Indian measures in question are therefore inconsistent with India's obligations under Article III:4 and XI:1 of the General Agreement on Tariffs and Trade 1994 (GATT 1994) and Articles 2.1 and 2.2 of the Agreement on Trade-Related Investment Measures.

The measures in question are 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 and Regulation) Act 1992; the Export and Import Policy, 1997-2002; memoranda of understanding signed by the Government of India with manufacturing firms in the motor vehicle sector pursuant to Public Notice No. 60; as well as amendments thereto, other legislative and administrative provisions implemented thereby or consolidated therein, and implementing measures or associated administrative actions taken thereunder.

On 2 June 1999, the United States Government requested 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 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 these measures (WT/DS175/1). The United States and India held such consultations, in which the Governments of Japan and the European Communities joined, on 20 July 1999. The consultations provided some helpful clarifications but failed to settle the dispute. By letter dated 30 July 1999, the United States also requested that India answer certain additional questions, but we have not received a reply.

Accordingly, the United States respectfully requests the Dispute Settlement Body to establish a panel with standard terms of reference as set out in Article 7.1 of the DSU. The United States further asks that this request for a panel be placed on the agenda of the meeting of the Dispute Settlement Body that is currently scheduled to be held on 19 June 2000.
