

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

UNSTARRED QUESTION NO:1904
ANSWERED ON:26.03.2012
BREACH OF WTO OBLIGATIONS
Yadav Shri Arun Subhashchandra

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

- (a) whether the Government has moved the Disputes Settlement Body of the World Trade Organisation (WTO) against the breach of WTO obligations by other countries during the last three years;
- (b) if so, the details thereof, Sector-wise along with outcome of these steps; and
- (c) the adverse impact on the export of the affected sectors on account of such breach?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) Yes, Madam.

(b) During the last three years, India has sought consultations under the Dispute Settlement Understanding (DSU) of the World Trade Organisation (WTO) against the breach of WTO obligations by other countries in two cases as per following details:

Dispute DS 408: India sought consultations with the European Union (EU) on 11 May, 2010 on the repeated instances of detention of Indian generic medicines in the EU ports. The detentions were made by invoking the EC's Regulation 1383/2003 which contains customs procedures for taking action against goods suspected of infringing intellectual property rights (IPRs). The detention by the EU's custom authorities of these generic medicine consignments was in violation of the obligations of EU and the Netherlands under Article V of GATT which enshrines freedom of transit of goods through the territory of each contracting party of GATT via the routes most convenient for international transit. These detentions were also inconsistent with EU and its Member States' obligations under Articles 41 and 42 of the TRIPS Agreement. India held extensive consultations with the EU and during these consultations EU showed willingness to resolve the dispute without resorting to the need to go the WTO dispute panel. India and EU reached an interim settlement in July, 2011 wherein, the EU agreed to the core principle that the mere fact that medicines are in transit through EU territory, and that there is a patent title applicable to such medicines in the EU territory, does not in itself constitute enough grounds for customs authorities in any Member State to suspect that the medicines at stake infringe patent rights. The EU also agreed to reflect the core principle in the proposed revision of the EC's regulation to replace the existing Regulation relating to customs procedures for taking action against goods suspected of infringing intellectual property rights.

Dispute DS 428: India sought consultation with Turkey on 13 February, 2012 on the imposition of safeguard measures on cotton yarn which are inconsistent with the WTO's Agreement on Safeguards. Consultations were held with Turkey on 12-13 March, 2012 in Ankara and Turkey's further response is awaited.

(c) As regards dispute relating to detention of Indian generic medicines with the EU, there was no adverse impact on exports of these products due to the urgent steps taken by the Government of India. As regards imposition of Safeguard duty on cotton yarn by Turkey, there was decline in exports to Turkey due to fluctuating market conditions and safeguard measures taken by Turkey.