

**EUROPEAN COMMUNITIES – CONDITIONS FOR THE GRANTING  
OF TARIFF PREFERENCES TO DEVELOPING COUNTRIES**

Request for the Establishment of a Panel by India

The following communication, dated 6 December 2002, from the Permanent Mission of India to the Chairman of the Dispute Settlement Body, is circulated pursuant to Article 6.2 of the DSU.

On 5 March 2002, India requested consultations with the European Communities (the "EC") pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU"), Article XXIII:1 of the General Agreement on Tariffs and Trade 1994 (the "GATT 1994"), and paragraph 4 (b) of the Decision of 28 November 1979 of the GATT CONTRACTING PARTIES on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries<sup>1</sup> (the "Enabling Clause") regarding the conditions under which the EC accords tariff preferences to developing countries under the scheme of generalized tariff preferences formulated under and applied pursuant to Council Regulation (EC) No. 2501/2001 of 10 December 2001 "applying a scheme of generalized tariff preferences for the period from 1 January 2002 to 31 December 2004"<sup>2</sup> (the regulation is hereafter referred to as the "EC GSP scheme"). The request was circulated to Members on 12 March 2002 in document WT/DS246/1. The EC and India held consultations in Geneva on 25 March 2002 with a view to reaching a mutually satisfactory resolution of the matter. Unfortunately, the consultations failed to settle the dispute.

India notes the following features of the EC GSP scheme:

1. The tariff preferences accorded under the special arrangements for combating drug production and trafficking are available only to specified countries selected by the EC; and
2. The tariff preferences accorded under the special incentive arrangements for the protection of labour rights and the environment are accorded only to countries that are determined by the EC to comply with certain labour and environmental policy standards.

India considers that the tariff preferences accorded by the EC to developing countries under these conditions are inconsistent with the GATT 1994 and do not meet the requirements set out in the Enabling Clause.

In view of the above, and pursuant to Articles 4.7 and 6 of the DSU and Article XXIII:2 of the GATT 1994, India hereby requests the Dispute Settlement Body (the "DSB") to establish a panel

<sup>1</sup> L/4903, BISD 26S/203.

<sup>2</sup> Official Journal L346, 31/12/2001.

to examine whether (i) the provisions of the EC GSP scheme granting tariff preferences under the special arrangements for combating drug production and trafficking and the special incentive arrangements for the protection of labour rights and the environment, (ii) any implementing rules and regulations, (iii) any amendments to any of the foregoing, and (iv) their application are consistent with Article I:1 of the GATT 1994 and the requirements set out in paragraphs 2(a), 3(a) and 3 (c) of the Enabling Clause.

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