



EUROPEAN UNION
Permanent Mission
to the World Trade Organization
The Ambassador

Geneva, 2 April 2019

Subject: Request for Consultations by the European Union

Dear Ambassador,

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") with regard to the tariff treatment that India accords to certain goods in the information and communications technology sector.

India applies duties in excess of the rates bound in its Schedule of Concessions and Commitments annexed to the GATT 1994 ("Schedule") on imports of certain goods in the information and technology sector, including, in particular, the following categories of products:

- laboratory, hygienic or pharmaceutical glassware, glass shells, glass globes and glass founts;
- machines and apparatus for the manufacture of semiconductor boules or wafers, semiconductor devices, electronic integrated circuits or flat panel displays;
- electrical transformers, static converters and inductors;
- telephone sets, including telephones for cellular networks or for other wireless networks: other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network;
- microphones and stands therefor: loudspeakers, headphones and earphones, sets consisting of a microphone and one or more loudspeakers, audio-frequency electric amplifiers, electric sound amplifier sets;
- transmission apparatus for radio-broadcasting or television, television cameras, digital cameras and video camera recorders;
- parts suitable for use with transmission apparatus for radio-broadcasting or television, television cameras, digital cameras and video camera recorders, radio apparatus, radio navigational aid apparatus and radio remote control apparatus, reception apparatus for radio-broadcasting, monitors and projectors;
- electronic integrated circuits;
- insulated wire, cable and other insulated electric conductors, optical fibre cables;
- oscilloscopes, spectrum analysers and other instruments and apparatus for measuring or checking electrical quantities, for measuring or detecting alpha, beta, gamma, X-ray, cosmic or other ionising radiations;

- measuring or checking instruments, appliances and machines, profile projectors.

By way of example, the applied duty rates on the tariff lines presented in the attached table clearly exceed the bound rate in India's Schedule , which is set at 0%.

India imposes these measures through, inter alia, the following legal instruments:

- Section 12 of the Customs Act, 1962, requiring the collection of customs duties as specified in the Customs Tariff Act, 1975.
- Section 2 and the First Schedule of the Customs Tariff Act, 1975, as amended from time to time, including most recently by:
 - o Finance Act of 2014 (2014-2015 "Union Budget")
 - o Finance Act of 2007 (2007-2008 "Union Budget")
 - o Finance Act of 2018 (2018-2019 "Union Budget")
- Notifications granting exemption from duty pursuant to Section 25 of the Customs Act, 1962 and to Section 3 of Customs Tariff Act, 1975 and setting the applicable rates for the products concerned, including in particular:
 - o No. 19/2016-Customs of 1 March 2016
 - o No. 32/2016-Customs of 5 May 2016
 - o No. 50/2017-Customs of 30 June 2017,
 - o No. 56/2017-Customs of 30 June 2017,
 - o No. 57/2017-Customs of 30 June 2017,
 - o No. 58/2017-Customs of 30 June 2017,
 - o No. 67/2017-Customs of 14 July 2017,
 - o No. 91/2017-Customs of 14 December 2017
 - o No. 6/2018-Customs of 2 February 2018,
 - o No. 22/2018-Customs of 2 February 2018,
 - o No. 36/2018-Customs of 2 April 2018,
 - o No. 37/2018-Customs of 2 April 2018,
 - o No. 38/2018-Customs of 2 April 2018,
 - o No. 39/2018-Customs of 2 April 2018,
 - o No. 40/2018-Customs of 2 April 2018,
 - o No. 74/2018-Customs of 11 October 2018,
 - o No. 75/2018-Customs of 11 October 2018,
 - o No. 76/2018-Customs of 11 October 2018,
 - o No. 02/2019-Customs of 29 January 2019.

For each of the measures referred to above, this request also covers any amendments, replacements, extensions, implementing measures or other related measures adopted by the legislative or executive authorities of India.

These measures appear to be inconsistent with India's obligations under the covered agreements and, in particular, with Article II:1 (a) and (b) of the GATT 1994, because, through those measures, India accords to the EU commerce of certain goods in the information and communications technology sector treatment less favourable than that provided for in its Schedule and does not exempt those goods from ordinary customs duties or other import duties in excess of those set forth and provided in its Schedule, respectively.

The tariff treatment that India accords to certain goods in the information and communications technology sector identified in this request appears to nullify or impair the benefits accruing to the European Union directly or indirectly under the covered agreements.

The European Union reserves the right to address additional measures and claims under other provisions of the covered agreements regarding the above matters during the course of the consultations.

The European Union looks forward to receiving India's reply to this request and expresses its readiness to consider a mutually convenient date and place for the consultations.

ANNEX – Comparative Table (tariff bindings and applied duty rates)

India WTO certified schedule				India applied duties			
(1) HS2007	(2) ex.	(3) Description	(4) Tariff binding	(5) HS2017	(6) Description	(7) Applied duty	
7017.10	01'	- - Quartz reactor tubes and holders designed for insertion into diffusion and oxidation furnaces for production of Semi-conductor wafers.	0%	7017.10.00	- Of fused quartz or other fused silica	10%	
7020.00	01'	- Quartz reactor tubes and holders designed for insertion into diffusion and oxidation furnaces for production of semi conductor wafers	0%	7020.00.29 7020.00.90	- - - Other - - Other	10% 10%	
8486.10.00	-	- Machines and apparatus for the manufacture of boules or wafers	0%	8486.10.00	- Machines and apparatus for the manufacture of boules or wafers	7.5%	
8486.20.00	-	- Machines and apparatus for the manufacture of semiconductor devices or of electronic integrated circuits	0%	8486.20.00	- Machines and apparatus for the manufacture of semiconductor devices or of electronic integrated circuits	7.5%	
8486.30.00	-	- Machines and apparatus for the manufacture of flat panel displays	0%	8486.30.00	- Machines and apparatus for the manufacture of flat panel displays	7.5%	
8486.40.00	-	- Machines and apparatus specified in Note 9 (C) to this Chapter	0%	8486.40.00	- Machines and apparatus specified in Note 9 (C) to this Chapter	7.5%	
8486.90.00	-	- Parts and accessories	0%	8486.90.00	- Parts and accessories	7.5%	
8504.40	02'	- - Static converters for automatic data processing machines and units thereof, and telecommunication apparatus	0%	8504.40.90	- - Other	15%	
8504.90	01'	- - Printed circuit assemblies for static convertors for automatic data processing machines and units thereof, and telecommunication apparatus; printed	0%	8504.90.90	- - Other	10%	

India WTO certified schedule				India applied duties			
(1) HS2007	(2) ex.	(3) Description	(4) Tariff binding	(5) HS2017	(6) Description	(7) Applied duty	
		circuit assemblies for other inductors for power supplies for automatic data processing machines and units thereof, and telecommunication apparatus					
8517.12	-	-- Telephones for cellular networks or for other wireless networks	0%	8517.12.10	--- Push button type	20%	
				8517.12.90	--- Other	20%	
8517.61	-	-- Base stations	0%	8517.61.00	-- Base stations	20%	
8517.62	-	-- Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	0%	8517.62.90	--- Other	10% or 20%	
8517.70	01'	-- Parts and accessories of the machines of heading 84.71: For populated PCBs	0%	8517.70.10	-- Populated, loaded or stuffed printed circuit boards	10%	
8517.70	02'	-- Parts and accessories of the machines of heading 84.71: Other	0%	8517.70.90	-- Other	15%	
8517.70	03'	-- Other	0%				
8518.10	01'	-- Microphones having a frequency range of 300 Hz to 3,4 KHz with a diameter of not exceeding 10 mm and a height not exceeding 3 mm, for telecommunication use	0%	8518.10.00	- Microphones and stands therefor	15%	
8518.29	01'	--- Loudspeakers, without housing, having a frequency range of 300 Hz to 3,4 KHz with a diameter of not exceeding 50mm, for telecommunication use - cone	0%	8518.29	-- Other	15%	

India WTO certified schedule				India applied duties			
(1) HS2007	(2) ex.	(3) Description	(4) Tariff binding	(5) HS2017	(6) Description	(7) Applied duty	
8518.29	02'	type - - - Loudspeakers, without housing, having a frequency range of 300 Hz to 3,4 KHz with a diameter of not exceeding 50mm, for telecommunication use - Other than cone type	0%				
8518.30	01'	- - Line telephone handsets	0%	8518.30	- Headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers	15%	
8525.80	02'	- - Still image video cameras and other video camera recorders; digital cameras: Digital still image video cameras	0%	8525.80.20	- - Digital cameras	15%	
8529.90	01'	- - Parts and accessories of the machines of heading 84.71	0%	8529.90	- Other:		
				8529.90.10	- - For communication jamming equipment	7.5%	
				8529.90.20	- - For amateur radio communication equipment	7.5%	
				8529.90.90	- - Other	15%	
8542.39	01'	- - - Of monolithic and hybrid integrated circuits	0%	8542.39	- - Other	7.5%	
8544.42	01'	- - Of a kind used for telecommunications	0%	8544.42.91	- - - - Paper insulated, of a kind used in telecommunication	15%	

India WTO certified schedule				India applied duties			
(1) HS2007	(2) ex.	(3) Description	(4) Tariff binding	(5) HS2017	(6) Description	(7) Applied duty	
				8544.42.92	- - - - Plastic insulated, of a kind used in telecommunication	15%	
				8544.42.93	- - - - Rubber insulated, of a kind used in telecommunication	15%	
8544.49	01'	- - - For a voltage not exceeding 80 V : Of a kind used for telecommunications	0%	8544.49.91	- - - - Paper insulated, of a kind used in telecommunication	15%	
				8544.49.92	- - - - Plastic insulated, of a kind used in telecommunication	15%	
				8544.49.93	- - - - Rubber insulated, of a kind used in telecommunication	15%	
9030.90	01'	- - Parts and accessories of instruments and apparatus for measuring or checking semiconductor wafers or devices	0%	9030.90.90	- - Other	7.5%	
9030.90	02'	- - Parts of instruments and appliances for measuring or checking semiconductor wafers or devices	0%				
9031.49	01'	- - - Optical instruments and appliances for measuring surface particulate contamination on semiconductor wafers	0%	9031.49.00	Other	7.5%	