

**TURKEY - RESTRICTIONS ON IMPORTS OF TEXTILE AND
CLOTHING PRODUCTS**

Notification of Mutually Acceptable Solution

The following communication, dated 6 July 2001, from the Permanent Mission of India and the Permanent Mission of Turkey to the Chairman of the Dispute Settlement Body, is circulated at the joint request of these delegations.

The Governments of India and Turkey wish to notify the Dispute Settlement Body (DSB) that they have reached a mutually satisfactory solution regarding implementation by Turkey of the conclusions and recommendations adopted by the DSB in the dispute "Turkey - Restrictions on Imports of Textile and Clothing Products" (WT/DS34). Accordingly, India and Turkey consider that Article 21.6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes no longer requires that this item remain on the agenda of the DSB.

Please find attached the text of the exchange of letters of 6 July 2001 on this subject. We would be grateful if you could circulate these letters to WTO Members.

For India

For Turkey

(H.E. Ambassador S. Narayanan)
Permanent Representative
Permanent Mission of India

(H.E. Ambassador Oğuz Demiralp)
Permanent Representative
Permanent Mission of Turkey

Letter addressed to H.E. Mr. S. Narayanan,
Ambassador and Permanent Representative of India to the WTO, Geneva

The Permanent Mission of Turkey
to the World Trade Organization

Geneva, 6 July 2001

Dear Ambassador,

As a result of the consultations between our two Governments, I am writing to confirm that the following agreement has been reached concerning a mutually satisfactory compensation pending compliance by Turkey of the recommendations and rulings of the Dispute Settlement Body (DSB) in the Dispute "Turkey - Restrictions on Imports of Textile and Clothing Products" (WT/DS34).

1. The Government of India and the Government of Turkey agree that the following shall constitute the compensation to India in accordance with Articles 22.1 and 22.2 of the "Understanding on Rules and Procedures Governing the Settlement of Disputes" (DSU), pending compliance by Turkey of the recommendations and rulings of the DSB in the dispute "Turkey - Restrictions on Imports of Textile and Clothing Products". (WT/DS34):

- (i) The Government of Turkey shall **by 30 June 2001 or the date of signature of this Agreement, whichever is earlier**, remove the quantitative restrictions it applies on textile categories 24 and 27 in respect of imports from India.
- (ii) The Government of Turkey shall carry out tariff reductions on the applied rate basis as described in detail in ANNEX attached to this agreement, **by 30 September 2001**.
- (iii) The Government of Turkey shall strive towards early compliance of the recommendations and rulings of the DSB in the dispute "Turkey - Restrictions on Imports of Textile and Clothing Products". (WT/DS34).

2. The compensation under this Agreement, and any arrangements reached pursuant to consultations between the two parties, shall remain effective till Turkey removes all quantitative restrictions applied as of 1 January 1996 in respect of imports from India for the 19 categories of textile and clothing products.

3. Acceptance by the Government of India of the above compensation is without prejudice to Turkey's legal obligation to comply with the recommendations and rulings of the DSB in the dispute "Turkey - Restrictions on Imports of Textile and Clothing Products" (WT/DS34). Pending such compliance Turkey acknowledges India's right under Article 22.2 of the DSU, as per the agreement reached on 8 March 2001, regarding "Agreed Procedures between India and Turkey under Articles 21 and 22 of the Dispute Settlement Understanding in the follow-up to the dispute in "Turkey - Restrictions on Imports of Textile and Clothing Products" (WT/DS34), beyond the time period specified in Article 22.6 of the DSU. Turkey also acknowledges the right to recourse by India to Article 21.5, if India, at any time, considers that the situation described in Article 21.5 of the DSU has arisen.

4. At the request of either party consultations on the implementation or effects of any aspect of this compensation pending compliance by Turkey of the recommendations and rulings of the DSB in the dispute "Turkey - Restrictions on Imports of Textile and Clothing Products" shall be held expeditiously with a view to reaching a satisfactory solution.

5. This Agreement shall come into force on the date of exchange of letters between the Government of India and the Government of Turkey memorializing the Agreement.

This letter and your letter in reply is without prejudice to the rights or obligations of either Member under the Agreement Establishing the World Trade Organisation.

Oğuz Demiralp
Ambassador
Permanent Representative

ANNEX

Tariff Line	Description	Current Applied Tariff (in percentage)	Applied Tariff as of 30 September 2001 (in percentage)
282760003000	Iodides and Iodide oxides	5,5	0
283110000012	Dithionites and sulphoxylates of sodium	7.5	0
291639009019	Unsaturated acyclic monocarboxylic and cyclic acids: other	6.5	0
291890900019	Carboxylic acids with additional oxygen function: Other	6.5	0
292429900029	Carboxyamide and amide function compounds of carbonic acid: other	6.5	2.2
292690990029	Nitrile-function compounds: Other	8.5	0
293229809019	Heteroxylic compounds with Oxygen heteroatoms: Other	6.5	0
293339950049	Heteroxylic compounds with nitrogen heteroatoms: Other	6.5	0
293359700031	Heteroxylic compounds containing a pyrimidine ring: siprofloksasin	6.5	0
293359700039	Heteroxylic compounds containing a pyrimidine ring: Other	6.5	0
293390950059	Lactams; Other	6.5	0
293410000019	Nucleic acids compounds containing an unfused thiazole ring	6.5	0
293490969029	Nucleic acids compounds containing a phenothiazine ring: Other	6.5	0
293500900029	Sulphonamides: Other	6.5	4.5

Letter addressed to H.E. Mr. Oğuz Demiralp,
Ambassador and Permanent Representative of Turkey to the WTO, Geneva

Permanent Mission of India
to the WTO
9, rue du Valais
1202 Geneva

6 July 2001

Dear Ambassador,

I acknowledge receipt of your letter dated 6 July 2001 that reads as follows:

"As a result of the consultations between our two Governments, I am writing to confirm that the following agreement has been reached concerning a mutually satisfactory compensation pending compliance by Turkey of the recommendations and rulings of the Dispute Settlement Body (DSB) in the Dispute "Turkey - Restrictions on Imports of Textile and Clothing Products" (WT/DS34)

1. The Government of India and the Government of Turkey agree that the following shall constitute the compensation to India in accordance with Articles 22.1 and 22.2 of the "Understanding on Rules and Procedures Governing the Settlement of Disputes" (DSU), pending compliance by Turkey of the recommendations and rulings of the DSB in the dispute "Turkey - Restrictions on Imports of Textile and Clothing Products" (WT/DS34):

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5. This Agreement shall come into force on the date of exchange of letters between the Government of India and the Government of Turkey memorializing the Agreement.

This letter and your letter in reply is without prejudice to the rights or obligations of either Member under the Agreement Establishing the World Trade Organization".

I am pleased to confirm that your letter and my reply reflect the agreement reached by our two governments on the issue of compensation to India pending compliance by Turkey of the recommendations and rulings of the Dispute Settlement Body in the dispute "Turkey - Restrictions on Imports of Textile and Clothing Products" (WT/DS34).

S. Narayanan
Ambassador/PR

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