

# US – WOOL SHIRTS AND BLOUSES<sup>1</sup>

(DS33)

PARTIES		AGREEMENT	TIMELINE OF THE DISPUTE	
Complainant	India	ATC Arts. 6 and 2.4	Establishment of Panel	17 April 1996
			Circulation of Panel Report	6 January 1997
Respondent	United States		Circulation of AB Report	25 April 1997
			Adoption	23 May 1997

## 1. MEASURE AND PRODUCT AT ISSUE

- **Measure at issue:** Temporary safeguard measure imposed by the United States in the form of a quota on certain imports from India.
- **Product at issue:** Woven wool shirts and blouses from India.

## 2. SUMMARY OF KEY PANEL/AB FINDINGS

- **ATC Art. 6 (transitional safeguard measures):** The Panel found that the United States violated Arts. 6.2 and 6.3 because it failed to meet the causation and serious damage (and threat of serious damage) requirements therein when imposing its transitional safeguard measure, in particular, by not examining the data relevant to the “woven wool shirts and blouses industry”, as opposed to the “woven shirts and blouses industry in general”. The Panel also considered the list of industry impact factors in Art. 6.3 to be a mandatory list: an investigating authority must demonstrate that it considered the relevance or otherwise of each of the listed items in Art. 6.3. Moreover, the Panel stated that under Art. 6.3, “some consideration and a relevant and adequate explanation have to be provided of how the facts as a whole support the conclusion that the termination is consistent with the requirements of the ATC”.
- **ATC Art. 2.4 (prohibition on new restrictions):** The Panel found that, by violating Art. 6, the United States also violated Art. 2.4, which prohibits the imposition of restraints on the import of textiles and clothing beyond those restraints permitted under the ATC.

## 3. OTHER ISSUES<sup>2</sup>

- **Burden of proof:** The Appellate Body upheld the Panel's interpretation and adopted the rule used by most international tribunals, clarifying the rule on the burden of proof by stating that “the burden of proof rests upon the party, whether complaining or defending, who asserts the affirmative of a particular claim or defence”. Also, the Appellate Body found that ATC Art. 6, which governs transitional safeguards with respect to textile products, does not constitute an affirmative defence, but rather a “fundamental part of the rights and obligations of WTO Members... during the [ATC] transition period”, and thus, a Member claiming that the United States violated this right must “assert and prove its claim.”
- **Judicial economy:** The Appellate Body upheld the Panel's exercise of judicial economy and found that, under DSU Art. 11, panels are not required to make a finding on every claim raised, but rather panels may practise “judicial economy” and make findings on only those claims necessary to resolve a dispute.

<sup>1</sup> *United States – Measure Affecting Imports of Woven Wool Shirts and Blouses from India*

<sup>2</sup> Other issues addressed: Appellate Body's revised schedule (Working Procedures for Appellate Review, Rule 16(2)); scope of appellate review (DSU Art. 17.13); expired measure (panel's mandate in its terms of reference); standard of review; role of the TMB and dispute settlement mechanism.