

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/21

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Special Distribution

Multilateral Trade Negotiations

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EXCHANGE OF LETTERS BETWEEN THE UNITED STATES OF AMERICA AND INDIA

The following communications have been received from the United States of America and from India.

COMMUNICATION FROM THE UNITED STATES

The delegation of the United States transmits herewith copies of an exchange of letters between Ambassador Alonzo McDonald and Ambassador P.K. Dave dated 26 July 1978 which constitute a Tropical Products understanding between the Government of the United States and the Government of India, and requests that they be circulated to participants in the Multilateral Trade Negotiations. The United States implemented the first stage of the concessions effective 1 October 1978. These can be found in list "A" attached to the letter from Ambassador McDonald to Ambassador Dave.

COMMUNICATION FROM INDIA

The Government of India transmits copies of an exchange of letters between Ambassador P.K. Dave and Ambassador Alonzo McDonald dated 26 July 1978 which constitute a tropical products understanding between the Government of India and the Government of the United States of America, and requests that they be circulated to participants in the Multilateral Trade Negotiations.

United States Delegation to the
Multilateral Trade Negotiations

26 July 1978

Dear Ambassador Dave,

1. I have taken note of your letter of 26 July 1978 referring to the autonomous measures taken by your Government, particularly those measures which benefit United States exports to India and the statement in your letter that the liberalization mentioned in sub-paragraphs (i), (iii) and (iv) of paragraph 2 and in paragraph 3 coincides with the requests of the Government of the United States of America. I have further taken note of the letter No. 10/46/75-TPD dated 24 February 1978, from Mr. S.P. Shukla to Mr. Stephen Lande which explains the specific liberalization measures on spare parts and on dried, salted or preserved fruits, which include almonds, referred to in your aforementioned letter.

2. I have also noted that subject to periodic policy reviews and in accordance with the obligations and rights under the General Agreement on Tariffs and Trade, the Government of India hopes to maintain the process of liberalization consistent with India's development, financial and trade needs, from which her major trading partners have derived and can derive further benefits. I hope that the Government of India will find it possible to give positive consideration to the remaining requests of the Government of the United States of America which we will recognize as further contributions by India in the Multilateral Trade Negotiations (MTN).

3. I am pleased to confirm that my Government desires to implement the attached list "A" of the Tropical Product offer by the Government of the United States of America not later than sixty days after this exchange of letters. The Government of the United States of America will implement the concessions on the attached list "B" of this Tropical Product offer, unless there is failure to reach satisfactory agreement with other countries who are principal or substantial suppliers. In light of the above, if the Government of the United States of America does not implement these concessions within a reasonable period of time, consultations will take place to determine alternative concessions.

His Excellency
Mr. P.K. Dave,
Ambassador for Economic Affairs in Europe,
Permanent Representative to GATT,
121 Avenue Molière,
B-1180 Brussels.

4. This exchange of letters will constitute an understanding between our Governments. Such an understanding will terminate at the time that tariff reductions, pursuant to an overall agreement on tariffs in the Multilateral Trade Negotiations, are initially implemented by the Government of the United States of America. It is expected that the results of this understanding will be incorporated into such an overall Multilateral Trade Negotiations Agreement.

5. In the interim, relying upon the contents of your letter including the measures cited, the Government of the United States of America will provide maximum possible security, consistent with the time-limits allowed by United States law, for its concessions.

Yours sincerely,

(signed) Alonzo L. McDonald
Ambassador

List "A" of Tropical Products Offers by
the Government of United States of America

TSUS No.	Short description of product	MFN duty	Offer
106.60	Frog meat, fresh, chilled, or frozen	2.5%	Free
147.96	Mangoes, prepared or preserved	3.75¢ per lb.	1.5¢ per lb.
305.20	Jute yarns and roving, singles under 720 yds. per lb.	7.5%	3%
305.22	Jute yarns and roving, singles 720 yds. or over per lb.	11%	4.4%
305.28	Jute yarns and roving, plied, under 720 yds. per lb.	10%	4%
335.50	Woven fabrics wholly of jute, bleached, coloured, or flame-resistant	0.2¢ per lb. + 2.5%	1%
347.30	Narrow fabrics: jute webbing	14%	5.6%
*360.15 ex.	Floor coverings with pile hand-inserted or hand-knotted, valued over 66.2/3¢ per sq. ft. and having not over 160 knots per sq. inch	11%	8%
360.35	Coir floor coverings with pile not hand-inserted or knotted.	5¢ per sq. ft.	2¢ per sq. ft.
385.45	Bags, sacks, etc. of vegetable fibres except cotton, not bleached, not coloured, and not rendered non-flammable	0.2¢ per lb. + 1.5%	Free
385.95	Coir pile mats and mattings.	5¢ per sq. ft.	2¢ per sq. ft.
435.70	Opium	\$3.60 per lb. of morphine content	Free
516.71	Mica, cut or stamped to dimensions, not over 0.006 inch thick	11%	4.4%
516.76	Mica, cut or stamped to dimensions, and perforated or indented, over 0.006 inch thick	12.5%	5%
516.94	Mica articles, nspf.	12.5%	5%

The above tariff reductions will be implemented at the fastest rate permissible under the United States Trade Act of 1974.

*The actual extent and staging of further reductions will be worked out as soon as possible.

List "B" of Tropical Products Offer by
the Government of the United States of America

TSUS No.	Short description of product	MFN duty	Offer
152.58	Mango paste and pulp	7%	2.8%
176.14	Castor oil, valued over 20¢ per lb.: having lovibond colour values greater than 6 yellow and 0.6 red.	1.5¢/lb.	Free
176.15	Castor oil, valued over 20¢ per lb.: Other	1.5¢/lb.	Free
315.80	Jute cordage, not bleached, not coloured, etc.: singles yarn under 720 yds. per lb.	10%	4%

The above tariff reductions will be implemented at the fastest rate
permissible under the United States Trade Act of 1974.

26 July 1978

Dear Ambassador McDonald,

1. I am pleased to inform you that the Government of India has taken a number of autonomous measures during the last two years in the direction of import trade liberalization. These form a basis of my Government's contribution to the attainment of the overall objectives of the Multilateral Trade Negotiations.

2. A number of these measures also benefit United States exports to India such as the following:

- (i) The withdrawal by the Government of India of the preferences extended to the United Kingdom under the United Kingdom-India Trade Agreement, 1939. The value of United States exports, based on 1975-76 statistics, benefiting from this permanent withdrawal in July 1977 amounted to Rs 311.6 million which represented 15.7 per cent of India's imports from all sources.
- (ii) The import policy regarding machine tools has been liberalized as detailed in "Import Trade Control Policy" Vol. I, April 1977-March 1978. The value of United States exports of machine tools alone based on 1975-76 statistics, that would benefit from these measures, was of the order of Rs 15.54 million which represents about 7 per cent of our total imports.
- (iii) The import policy for spare parts of equipment for gas and oil drilling wells has been substantially liberalized as part of the policy in regard to spare parts in general which is detailed in "Import Trade Control Policy", Vol. I, April 1977-March 1978.
- (iv) The import policy of almonds has been substantially liberalized as part of our policy in regard to dried, salted or preserved fruits.

3. In order to resolve certain practical difficulties that had arisen in the field of mica exports from India, the floor prices of mica powder and bridge mica were reduced, the sharing formula for export of mica below size No. 5 was eliminated, and the division of mica scrap into two categories was discontinued.

Ambassador Alonzo L. McDonald,
United States Deputy Special Representative
for Trade Negotiations,
United States Delegation to the
Multilateral Trade Negotiations,
1-3 Avenue de la Paix,
1202 Geneva.

4. The liberalization mentioned in sub-paragraphs (i), (iii) and (iv) of paragraph 2 and in paragraph 3 coincides with the requests of the Government of the United States of America. Subject to periodic policy reviews and in accordance with the obligations and rights under the General Agreement on Tariffs and Trade, we hope to maintain the process of liberalization consistent with India's development, financial and trade needs, from which our major trading partners have derived and can derive further benefits.

5. My Government requests your Government and as stated in your letter of today's date your Government has agreed to implement the attached lists of the Tropical Products Offer by the Government of the United States of America. My Government further hopes your Government will bind these concessions in the General Agreement on Tariffs and Trade.

6. My Government concurs that this exchange of letters will constitute an understanding of the type described in your letter. My Government also hopes that the Government of the United States of America will find it possible to give additional concessions on items of interest to us during the Multilateral Trade Negotiations.

Yours sincerely,

(signed) P.K. Dave