

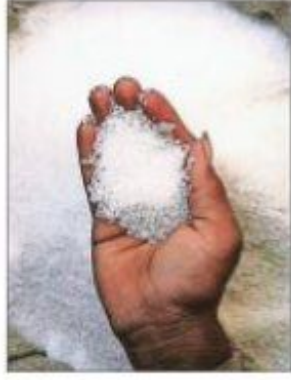
WTO panel ruling unlikely to impact India's sugar exports

FE BUREAU

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A PANEL OF the World Trade Organization (WTO) has ruled in favour of Brazil, Australia and Guatemala in their trade disputes with India over sugar subsidies and asked officials in New Delhi to conform with global rules.

"We recommend that India bring its WTO-inconsistent measures into conformity with its obligations under the Agreement on Agriculture and the SCM (Subsidies and Countervailing Measures) Agreement," the panel said. In the cases brought before the WTO in 2019, the three countries alleged India had broken WTO rules by providing excessive domestic support and export subsidies for sugar and sugarcane. In a 115-page report, the WTO panel said that for five sugar seasons between 2014-15 and 2018-19, India provided domestic support to its sugarcane producers in excess of the maximum level of 10% permitted under a global agriculture deal.



It also said India failed to notify a WTO committee of its sugar export subsidies, violating a separate agreement. The panel, however, did not uphold an allegation by Australia that India had maintained buffer sugar stocks, which it should have reported to the WTO in the 1990s.

India's ministry of commerce and industry said in a statement the panel report was "unacceptable" and would have no impact on ongoing sugar policies. "India has initiated all measures necessary to protect its interest and file an appeal at the WTO against the report, to protect the interests of its farmers," said the ministry. India believes that its measures are consistent with its obligations under the WTO

agreements, the ministry said.

Reacting to the ruling, the Indian Sugar Mills Association (Isma) has stated that the ruling is unlikely to have an impact on Indian sugar exports. In a statement issued here, Verma said that the government has already said that all the facts and data submitted by them to the WTO panel have not been appropriately considered by the panel while taking a decision on the complaints of Brazil, Guatemala and Australia. Therefore, the government of India has already rejected the findings of the WTO panel and have decided to make an appeal to the Appellate Authority of the WTO, he said.

"As soon as the Indian government submits an appeal to the Appellate Authority, as per WTO rules the current subsidies and domestic market support can be continued till any final decision is taken by the Appellate Authority," Verma said. He also explained that since there is no export subsidy for sugar, therefore, there is absolutely no impact of the

order of the WTO panel with regard to Indian sugar exports.

"Further, the export subsidies which were being given in the last few years are as per the provisions of Article 9.1(d) and (e) of Agreement of Agriculture under WTO Rules, and, therefore, the Indian export subsidies on sugar are fully compliant with the rules and may not need any changes," Verma said.

The WTO rules allow domestic market support for any commodity, including sugar and sugarcane, wherein the government can give market support up to 10% of the value of the commodity. The government has time and again said that the domestic market support on sugarcane is within the limit allowed by the WTO, he pointed out.

Verma said Isma is confident that the current policies of the government of India on export of sugar and the subsidies therein, which were being given in the last few years are as per WTO rules and, therefore, there will be absolutely no impact on the Indian sugar mills or the sugarcane farmers.

