

# India's sugar subsidies: EU, Russia and Costa Rica seek to join consultations in WTO

Thailand, Brazil, Australia too have sought consultations under dispute mechanism

**PRESS TRUST OF INDIA**  
NEW DELHI, APRIL 3

EUROPEAN UNION (EU), Russia, and Costa Rica have expressed their interest to join consultations sought by Guatemala under the World Trade Organization's (WTO) dispute settlement mechanism against India's sugar subsidies.

Thailand, Brazil and Australia too have sought consultations from India under the dispute settlement mechanism, alleging that New Delhi's sugar subsidies to farmers are inconsistent with global trade rules.

The EU, Russia, and Costa Rica in separate communications to the WTO have said that they have substantial trade interest in these consultations as they are major players in the sector.

The EU stated that following the end of the sugar quotas, it became a net exporter of sugar in 2017-18 marketing year, with exports increasing by 70 per cent to more than 3 million tonnes per year.

"With exports to India of sugar increasing more than ten times in a single year in the 2017/2018 marketing year compared to the average of the two preceding marketing years, the EU has the potential to become a major supplier to India," the EU said in its communication to the WTO. Similarly, Russia said that as it is one of the major exporters and consumers of sugar, India's application of the measures may have direct effect on its exports.

Costa Rica too stated that it has a substantial trade interest in these consultations as the country is a producer and exporter of sugar. Seeking consultation is the first step of dispute settlement process.

If the two nations are not able to reach a mutually agreed solution through consultation, India may request for a WTO dispute settlement panel to review the matter.

Guatemala has sought consultations with India under the

## 'INCONSISTENT WITH RULES'

■ Guatemala — along with Thailand — Brazil and Australia, has sought consultations with India, alleging that New Delhi's sugar subsidies to farmers are inconsistent with global trade rules

■ As per rules, all the six countries would have to seek approval from India and Guatemala to join the consultation process

rules and procedures governing the settlement of disputes of the Geneva-based 164-member WTO.

It has filed dispute last month under certain articles of WTO's Agreement on Agriculture, Agreement on Subsidies and Countervailing Measures and the General Agreement on Tariffs and Trade 1994 with respect to domestic support measures maintained by India in favour of producers of sugarcane and sugar, and export subsidies for sugarcane and sugar.

The Central American country has said that India maintains various domestic support measures in favour of sugarcane and sugar producers, such as a system of administered prices for sugar cane which operates at the federal level through the Fair and Remunerative Price; a minimum selling price for sugar; and additional measures that provide financial assistance to sugarcane producers which include production subsidies to mills to offset sugarcane price arrears, and subsidies to maintain buffer stocks.

As per rules, these six countries would have to seek approval from India and Guatemala to join the consultation process.

