

India denies it 'misled' WTO on food aid

COUNTERING CHARGES. Rejects allegations by the US and Australia of exceeding wheat, rice price support

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India has "unequivocally" rejected the counter-notification issued earlier this month by five countries at the WTO — including the US, Australia, Canada, Argentina and Ukraine — targeting it for allegedly under-reporting its market price support for rice and wheat. The country's representative pointed out that the notice was inaccurate and based on selective interpretations of WTO rules, said a Geneva-based trade official.

"At an agriculture committee meeting on November 26, where the counter-notification on India was discussed in detail, the Indian representative rejected it and described it as hasty, misleading and superfluous. India maintained that it had complied with its domestic support notification obliga-

tions and asked the countries that had co-sponsored the notification to prioritise their submissions," the official said.

On November 11, the five countries issued a counter-notification to India's notifications of farm subsidies for the two covered years, 2021-23, and stated that it appeared to "dramatically under-report" the value of India's MSP for rice and wheat. MSP in India is mainly extended to farmers through the government's MSP programmes.

"India's apparent MSP for rice appears to have been over 87 per cent of VoP (value of production) in each of the two covered years for which India has notified data. It's apparent MSP for wheat appears to have ranged between 67 and 75 per cent of VoP over the two covered years," the counter-notification noted.

Other like-minded mem-

bers such as New Zealand, EU and Uruguay strongly supported the counter-notification with some emphasising that India's MSP, exceeding WTO commitments, impacted global markets, production, and food security.

The WTO rules place a cap of 10 per cent of VoP on market price support programmes (classified as trade-distorting) such as the MSP for developing countries. Several developing country members have been stressing that they needed more flexibility to protect their vulnerable population.

PEACE CLAUSE

A peace clause agreed to at the WTO's Bali Ministerial Conference of 2013 gives many developing countries, including India, immunity against legal action in case the limit of 10 per cent is breached but there are multiple onerous clauses that



SPARKING A DEBATE. Some countries emphasised that India's MSP, exceeding WTO commitments, impacted global markets, production and food security

make the user countries vulnerable.

That is why India, and many other developing countries, have been pushing for a permanent solution to the problem, which has proved to be elusive.

India invoked the peace clause for rice about five times for over-shooting the WTO cap by a moderate mar-

gin. But it has never invoked it for wheat.

"One of the reasons why the calculations of subsidies in the counter-notification is way higher than India's is because it took into account the entire production eligible for the subsidies and not just the production that received the subsidies," another official pointed out.

At the agriculture committee meeting, India contested the interpretation and argued that there was no clear definition in the WTO Agreement on Agriculture on the matter. It criticised the reliance on the outdated external reference price (ERP) from 1986-88 for calculations and argued that it must be revised as today's prices were much higher.

In the counter-notification, the complainant countries also pointed out that while India's domestic support commitments were denoted in Indian rupees, its notifications had been denominated in dollars.

India, in its defence, stated that the AoA had not mandated that it must use rupee or any other specific currency for its notifications and does not mandate a specific currency for domestic support notifications, and its use of dollars was consistent with its commitments.