

India, US trade talks turn sour

By Mail Today Bureau
in New Delhi

US complaint against India moved to WTO dispute settlement panel

THE World Trade Organisation has set up a dispute settlement panel to go into the Donald Trump administration's complaint against the Indian government's subsidies to promote exports as the talks between the two countries have failed to resolve the issue.

A senior official confirmed that the development comes as the next step on the US complaint lodged in March this year saying Indian subsidies were in breach of WTO fair trade rules and harming American companies.

"The process of composition of dispute panel is over. The working procedure and the time table for the panel proceedings has been circulated," the official said.

The development comes even as Commerce and Industry Minister Suresh Prabhu said on Saturday that India and the US have exchanged offers for a possible bilateral trade deal.

"The negotiations are ongoing. Of course, at this stage they have given an offer and we have also given a counter-offer and we are working on it," the minister said.

The US has requested for the establishment of a dispute panel to examine the allegations on India's export incentive measures. Seeking consultation under the aegis of the WTO is the first step of dispute settlement process. If the two nations are not able to reach a mutually agreed solution through consultation, the complainant can request for a WTO dispute settlement panel to review the matter.

The US has challenged India's export subsidy programmes such as Merchandise Exports from India Scheme in the WTO, asserting that these initiatives harm its companies by creating an uneven playing field.

During the consultation process, the US had alleged that India was continuing to grant



The Trump administration has alleged that subsidies extended to Indian exports violate WTO norms

AMERICA FIRST: U.S. President Donald Trump.

these export-contingent subsidies and even expanded the scope and scale of the subsidies.

INDIA had stated that it was disappointed that the US chose to move forward with a request for a panel, as it believed bilateral consultations held on April 11 were constructive.

During the consultations, India provided a detailed understanding of the schemes implemented under its Foreign Trade Policy by answering all the questions raised by the US.

India's stand is that its export

promotion schemes are in compliance with WTO rules.

India, on its part, has deferred a notification for hiking import duties on as many as 29 US products including pulses as well as iron and steel goods, imported from the US as a retaliatory action against the American tariff hike on steel and aluminium products earlier this year.

The duty hike on US goods was postponed to November 2 but given Prabhu's statement this could be postponed again.

India is also seeking resumption of export benefits to certain domestic goods under their Generalised System of Preferences (GSP) as well as greater

market access for its products from sectors, including agriculture, automobile, auto components and engineering.

As many as 3,500 Indian products from sectors such as chemicals and engineering get duty-free access to the US market under the GSP, introduced in 1976.

On the other hand, the US is demanding greater market access for its agriculture goods, manufacturing products and medical devices.

While India's exports to the US stood at USD 47.9 billion in 2017-18, its imports aggregated at USD 26.7 billion. This has left the US with a trade deficit vis-à-vis India.