India's 'Wheat Waiver' WTO Demand

Why in news?

One of the cardinal demands of India in the World Trade Organization has been to find a permanent solution to the issue of public stockholding (PSH) of food to protect India's food security.

What is the case about?

- **India's PSH policy**- India's PSH policy is based on procuring food from farmers at an administered price (minimum support price or MSP), which is generally higher than the market price.
- The PSH policy serves the twin objectives of
    - Offering remunerative prices to farmers
    - Providing subsidised food to the underprivileged
- **WTO law**- Under WTO law, such price support-based procurement from farmers is counted as a trade-distorting subsidy, and if given beyond the permissible limit, breaches WTO law.
- Currently, India has temporary relief due to a 'peace clause' which bars countries from bringing legal challenges against price support-based procurement for food security purposes.
- However, a permanent solution to this issue is still distant.

What has the recent WTO ministerial meeting done in this regard?

- The declaration on food security adopted at the Geneva ministerial recognized that adequate food stocks can contribute to the realization of Members' domestic food security objectives.
- The declaration also states that countries may release surplus food stocks in the international market in accordance with WTO law.
- India's concern is that it should have the policy space to hold public food stocks using the MSP, which is a price support instrument.
- However, there is no mention of price support in the Geneva declaration.

> *The 2013 WTO decision on PSH for food security purposes states that countries procuring food for food-security purposes shall ensure that such procured food does not "distort trade or adversely affect the food security of other Members"*

What is the new dimension to this issue?

- **Wheat exports**- India insists that it should also be allowed to export food, most

notably wheat, from the pool of the foodgrain procured under the MSP.

- This demand was recently re-articulated by Finance Minister Nirmala Sitharaman at the G20 meeting in Indonesia as India wishes to capitalise on the opportunity unleashed by Russia-Ukraine war.
- However, WTO law proscribes countries from exporting foodgrain procured at subsidised prices as it would give that country an unfair advantage in global agricultural trade.
- The country concerned will sell foodgrain in the international market at a very low price, which, in turn, might depress the global prices and have an adverse impact on the agricultural trade of other countries.
- **Futurity of waiver**- As per the WTO Agreement, waivers can be adopted only in "exceptional circumstances".
- Thus, the possibility of it recognising an ongoing war between two nations as an "exceptional circumstance" to adopt a waiver for permitting wheat exports from public stocks is profoundly remote.

What should be the focus?

- India should revisit its stand on asking for a waiver for wheat exports from its public stockholding, which, in any case, was not a part of India's PSH policy.
- The Government's wheat procurement has been 57.5% less than the original target for this season. So, if the public procurement has been so low, there is no point in asking for a waiver to export wheat from the public stock.
- Spending scarce negotiating capital on this issue might dilute India's core agenda of pushing for a permanent solution for its PSH programme.
- The laudable objective of helping countries facing food crises can be accomplished by strengthening India's commitment to the United Nations World Food Programme.
- If the domestic situation improves, India can lift the ban imposed on private traders to export wheat.

Reference

1. https://www.thehindu.com/opinion/op-ed/indias-wheat-waiver-wto-demand-is-risk-fraught/article65707757.ece

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