WTO Challenge on India's Export Programmes

Why in news?

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The US has challenged in the WTO almost all Indian export subsidy programmes.

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What is the complaint?

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- The US has filed a complaint at the WTO about India’s export subsidy programmes.
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- **Programmes** - It has challenged practically almost the entire of India’s export programmes.
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- The programmes include:
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i. Merchandise Exports from India Scheme
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ii. Export Oriented Units Scheme and sector specific schemes, including Electronics Hardware Technology Parks Scheme
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iii. Special Economic Zones
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iv. Export Promotion Capital Goods Scheme
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v. duty free imports for Indian exporters
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- As per the US administration, these apparent export subsidies provide financial benefits to Indian exporters.
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- The benefits allow them to sell their goods more cheaply.
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- It thus claims that the programmes harm American workers by creating an uneven playing field.
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- **Expansion** - It is said that India's exemption under the WTO's special and differential provisions for developing countries expired in 2015.
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- It is thus alleged that despite the expiry, New Delhi has increased the size and scope of these programmes.
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- E.g. India introduced the Merchandise Exports from India Scheme in 2015.
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- It is expanded to include more than 8,000 eligible products, nearly double the number of products covered at its inception.
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- Exports from SEZs increased over 6,000% from 2000 to 2017.
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- In 2016, exports from these zones accounted for nearly 30% of India's export volume.
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What is the dispute settlement procedure?

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- The US has sought consultations on the mater in the WTO.
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- Consultations are the first step in the WTO dispute settlement process, to arrive at a mutually agreed solution.
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- In failing this, the US may request the establishment of a WTO dispute settlement panel to review the matter.
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What are the implications of US moves?

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- **India** - The US complaint at the WTO has come as a direct attack on India's trade regime.
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- Notably, it comes on the backdrop of a series of US trade decisions that are grossly in violation of basic WTO norms. Click here to know more.
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- If selective tariffs of US are taken to the WTO, there is a good chance that these will be declared violative of the rules.
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- But even before India could protest against such selective tariffs, the US has fired the next shot.
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- Nevertheless, how far can a WTO ruling deter a trading superpower like the US is highly uncertain.
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- **WTO principle** - The basic concept is that all WTO members are to be treated alike unless they are specifically shown to have violated rules.
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- This is being ignored in Trump’s selective tariffs.
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- Countries are lobbying to be among the favoured countries of US that escape the impact of the tariffs.
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- **Trade order** - In US's selective tariffs plans, clearly, only certain sectors and certain countries will be targeted.
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- This may appear that this is helpful for some other countries, which will avoid being hurt.
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- But in the long term, it will ultimately hurt all, though in varied proportions.
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- The world seems to be moving to a regime where countries can discriminate against select countries and commodities.
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- The trend is largely undermining the international trading system and could potentially lead to a breakdown of the global trading order.
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Source: Economic Times, Business Standard

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