SHANKAR IAS PARLIAMENT
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Concerns with India's Export Subsidies - II

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What is India's argument?

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- When SCM Agreement was implemented in 1994-95, countries with GNI higher than $1,000 got 8 years to get rid of their export subsidies.
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- India argues that it is also entitled to an 8-year phase-out period and would put this forth in the discussions it has with the US.
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- But obviously the two situations are not comparable.
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- Essentially, the phase-out period was extended to give comfort to members when the pact kicked in.
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- But more than two decades have passed since then.
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- India's earlier efforts, to establish that it would be fair to extend the same dispensation to all, have not borne fruit yet at the WTO.
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What is the way forward?

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- The least that India should have done to prepare for the eventuality was to have a contingency plan ready.
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- Nevertheless, it generally takes at least a couple of years for a dispute at the multilateral forum to run its course.
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- India has to use this time effectively to draw up alternative schemes.
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- Wide-ranging discussions with industry and related ministries for looking at possible alternatives to the export subsidy schemes are essential.
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- The options may include technology upgrading funds, capital expenditure subsidies, and funds for research and development.
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- Various ministries should cooperate with the commerce ministry in deciding ways to extending support to exporters without violating WTO rules.
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Source: BusinessLine

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