

India Japan WTO issue

Why in news?

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Japan is threatening to take India to the WTO over the trade restrictions placed by India.

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What were India's restrictions?

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- India imposed duties of up to 20% on some steel imports in 2015.

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- It set a minimum import price in 2016 for steel product imports to deter countries such as China, Japan and South Korea from undercutting local mills.

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- Undercutting means selling cheaper than the local mills and eventually removing them from the competition.

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Why Japan wants to move to WTO?

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- Japan is the world's second-biggest steel producer after China.

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- It exports nearly half of its products.

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- The move by India nearly halved Japan's steel exports to India over the past year. India dropped down from sixth-largest buyer in 2015 to 11th-largest in 2016.

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- Japan usually tries to settle disputes through bilateral talks.

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- But currently it wants to move to WTO as it accuses India's move to be

against WTO rules.

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- This is not just to oppose India's move but also against the growing protectionism worldwide. e.g The new administration in US also signalled similar protectionist moves, China's steel exports dropped by 3.5% in 2016 due to similar moves by Vietnam, Malaysia and South Africa.

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- Therefore Japan wants to send a clear message of open and fair international markets and to stop unfair trade actions from spreading.

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- India is of the view that it is following the WTO guidelines.

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What is the dispute settlement mechanism in WTO?

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- The request for consultations is the first step.
- It is followed by discussions under the dispute settlement system to find a satisfactory solution.
- If the consultations fail, the complainant can move for adjudication by a panel after 60 days.
- It further takes around a year to submit the final report.

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