

## **Indo-China joint proposal on WTO**

### **What is the issue?**

\n\n

\n

- India and China has reiterated its support for a joint proposal by the nations at the World Trade Organization (WTO).

\n

- The proposal assumes importance in view of the ongoing negotiations for the upcoming WTO Ministerial Conference in Buenos Aires, Argentina.

\n

\n\n

### **What is this Joint proposal is about?**

\n\n

\n

- The countries had jointly submitted a proposal to the WTO calling for the elimination of the most trade-distorting form of farm subsidies.

\n

- This is against farm subsidies provided by rich nations to their farmers.

\n

- The India-China proposal had targeted 'Aggregate Measurement of Support' (AMS) or 'Amber Box' support in WTO parlance.

\n

- This counters efforts by rich nations led by the United States, EU and Brazil to target the subsidies of the developing countries.

\n

\n\n

### **What is the need for such proposal?**

\n\n

\n

- Developed countries have been consistently providing trade-distorting subsidies to their farmers at levels much higher than the ceiling currently applicable to developing countries.

\n

- The proposal reveals that subsidies for many of these items are over 50 per cent with some even having more than 100 per cent support.  
\n
- Developed countries have more than 90 per cent of global AMS entitlements amounting to nearly \$160 billion.  
\n
- On the other hand, most developing nations, including India and China, do not have AMS entitlements.  
\n
- Again, developing countries are forced to contain it within 10 per cent of the value of production.  
\n

\n\n

### **What is India's Stand over Agri subsidies?**

\n\n

- India provides a subsistence amount of about \$260 per farmer per annum compared to over 100 times more in some developed countries.  
\n
- Following India's agreement with the US on the issue in 2013, the Bali Ministerial Conference came up with the "peace clause".  
\n
- It permitted uninterrupted implementation of India's food security programme till a permanent solution was found.  
\n
- On this issue, India has informed the WTO that its input farm subsidy which includes those for fertilisers, irrigation and electricity did not go beyond the permissible limit.  
\n
- These are part of the 'green box' or non-trade distorting subsidies that are allowed without limits for countries such as India which has millions of poor farmers.  
\n
- For a permanent solution, India has proposed either amending the formula to calculate the food subsidy cap of 10 per cent, which is based on the reference price of 1986-88 or allowing such schemes outside the purview of subsidy caps.  
\n

\n\n

## What are the challenges for India in WTO?

\n\n

\n

- BRICS nations have proposed an Investment facilitation, which brings transparency in investment facilitation on a voluntary basis.

\n

- Among BRICS, only India is not ready in taking up the Investment facilitation plan to WTO.

\n

- Reacting to the proposal, Brazil and the European Union have already came together calling for a crackdown on exports of food stocks meant for public stockholding.

\n

- Apart from Brazil, Russia and China, there are a large number of other traditional supporters of investment facilitation at the WTO such as Japan, Switzerland, the EU, Canada and New Zealand

\n

\n\n

\n\n

**Source: Business Standard, Business Line**

\n

