

U.S. challenges India's export subsidies at WTO

Turning the heat further on India on trade issues, the United States has challenged India's export subsidy programmes at the World Trade Organisation (WTO). The move comes close on the heels of a string of statements accusing India of "unfair" trade practices, by President Donald Trump.

U.S. Trade Representative (USTR) Robert Lighthizer said Washington had requested dispute settlement consultations with the Government of India at WTO on the issue. Mr. Trump had threatened to raise duties on products from India.

Unlike the many trade disputes between India and America that are sector specific or product specific, the new move by Mr. Lighthizer — a trade hawk closely in alignment with Mr. Trump's nationalist economic policies — is broad and sweeping in targeting the whole range of Indian export subsidy programmes.

'Distorting trade'

A statement from the USTR listed the Merchandise Exports from India Scheme; Export Oriented Units Scheme and sector specific schemes, including Electronics Hardware Technology Parks Scheme; Special Economic Zones; Export Promotion Capital Goods Scheme, and a duty free imports for exporters programme as distorting trade in a way that allows Indian exporters "to sell their goods more cheaply to the detriment of American workers and manufacturers."

"These export subsidy programmes harm American workers by creating an uneven playing field on which they must compete," said Mr. Lighthizer. "USTR will continue to hold our trading partners accountable by vigorously enforcing U.S. rights under our trade agreements and by promoting fair and reciprocal trade through all available tools, including the WTO."

Mukesh Aghi, president of the United States-India Strategic Partnership Forum (USISPF), said the case would not alter the long-term trajectory of bilateral trade partnership. "As the relationship deepens, and volumes increase, disputes are natural. This is a normal dispute redressal mechanism that will run its course," Mr. Aghi said.

"The U.S has been imposing countervailing duties in response to all these Indian programmes already. The decision to take this to the WTO is a political move and qualitatively different from countervailing duties," said Moushami P. Joshi, trade lawyer at Washington law firm Pillsbury, where she advises sovereign governments on WTO disputes.

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