

India to counter U.S. plaint on farm subsidies in WTO

A complaint lodged by the U.S. at the World Trade Organisation (WTO) against India's farm subsidies is baseless, according to Indian diplomatic sources.

The U.S. had filed a counter-notification at the WTO Committee on Agriculture on May 4, alleging that "based on U.S. calculations, it appears that India has substantially under-reported its market price support (MPS) for wheat and rice", according to a statement issued by the U.S. Department of Agriculture on Wednesday.

Indian diplomatic sources told *The Hindu* that the U.S. calculations were based on wrong assumptions. They added that India would officially respond at the WTO's Committee on Agriculture meeting in June.

In its 12-page document submitted to the WTO, the U.S. laid out its calculations of the value of India's MPS programme for the four years between 2010-11 and 2013-14 using publicly available data.

"India's apparent MPS for wheat appears to have been over 60% of the value of production in each of the last four years for which India has notified data," said the document. "Its apparent MPS for rice appears to have been over 70% of the value of production in each of the years."

For example, India notified the WTO that its MPS for rice in 2013-14 was just over Rs. 12,001 crore.

That amounts to 5.45% of the total value of production, and well within the WTO's permitted cut-off of 10%.

However, according to the U.S. calculations, the value of India's MPS for rice that year was more than Rs. 1.7 lakh crore, which would be 76.9% of the total value of production.

One of the issues raised by the U.S. is that India's notification "only reflect the national minimum support prices and do not include all state bonuses or other incentives that further increase the MSP provided to farmers."

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