

US, EU Cry Foul Over Cotton Export Curbs

India clarifies ban on exports only for a short period and is as per WTO rules

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India's ban on cotton exports has been questioned by US, EU and Canada at the World Trade Organisation, but India has said that its actions fully complied with multilateral trade rules that allowed temporary restrictions on imports.

The countries also raised concerns about the methodology used by India to classify marginal farmers and calculate domestic support to agriculture in a recent meeting of the WTO's committee on agriculture in Geneva.

India had imposed a ban on cotton exports on March 5 fearing a shortage in the domestic market, but lifted it on March 12 for export contracts that had been registered before the ban.

"India clarified that the ban on exports was only for a short period and exports of about 2 million bales of cotton registered with the gov-

ernment before the ban have been subsequently allowed," a government official told ET.

Indian officials also pointed out that the country had not bent any rules by banning cotton exports as temporary prohibitions or restrictions on exports to prevent or relieve critical shortages was allowed by the WTO.

US officials noted India's view that the restriction was in line with WTO rules, but said they were still not happy with the ban as the measure had an impact on the predictability and transparency of the market.

US and EU are among a few of

the developed countries that have been trying to garner support for a global resolution to ban food export restrictions and limit taxation on food exports. Developing countries including India, China and Brazil opposed the resolution.

On the issue of the methodology used for calculating domestic support and classifying marginal farmers and error in data presented by India, a commerce department official said the department would re-look at the notification and hold consultations with other ministries and departments concerned.

US observed that some of the figures in India's notification do not correspond to the figures on the website that India cited in its reply in September, like, for instance, the definition of "marginal" land holdings.

Canada and US also asked India to clarify use of the term "marginal" and the basis for labelling of producers as low-income, resource-poor, marginal, small/semi-medium/medium landholders, etc, for a better understanding of who were the targets of India's development programmes and fertiliser subsidies.

