

**Press Information Bureau  
Government of India**

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**Clarification regarding Export Subsidies on Cotton**

**New Delhi, dated April 27, 2016**  
**Vaishaka 7, 1938**

Cotton is a very important crop and very high level of subsidies in the developed countries have been a cause of worry for the developing countries. The subsidies provided in these countries adversely affect the cotton growers in the poorest of the countries.

The Uruguay Round Agreement on Agriculture (AOA) permits export subsidies on agriculture subject to the limits set-out in Members' Schedules of Commitments. Export subsidies can still be used by WTO Members, but only where they used them during the base period (1986-1988).

As India did not have any export subsidies during the base period, it was not entitled to any export subsidies except subsidies aimed at reducing the cost of marketing including internal and external transport as well as handling and processing costs (that is, subsidies listed in Article 9.1(d) and (e)), provided that these are not applied in a manner that would circumvent export subsidy reduction commitments.

This exemption is one of the special and differential treatment provisions of the AOA and was available during the implementation period of the Uruguay Round.

The implementation period of the AOA has ended and, therefore, some of the members have been arguing that the special and differential treatment provisions under Article 9.4 of the AOA are no longer available.

The Nairobi Ministerial Decision on Cotton and Export Competition resulted in a commitment by developed countries to immediately eliminate their export subsidies on the date of adoption of the decision; i.e December 19, 2015 and Developing countries by January 01, 2017. At the previous Ministerial Conference of the WTO in Bali, Indonesia in December 2013, a Ministerial Decision reaffirmed a commitment to the objective of eliminating agricultural export subsidies, but stopped short of making legal commitments. The issue of addressing cotton subsidies was reiterated in almost all Ministerial Conferences.

India is not a major user of the export subsidies and as per India's notifications to the WTO, India has not given any export subsidy for cotton between the year 2006-07 and 2009-10.

The Nairobi Ministerial Decision on elimination of export subsidies on cotton will in fact be good for Indian exports as it will create a level playing field for our farmers, who were not entitled for it but other developed countries were providing the same as scheduled, as per the rules.

Thus India's push has helped in elimination of cotton export subsidies by developed countries. This will help Indian cotton growers in competing with other growers as well as prevent dumping of subsidized cotton in India.

Government of India is committed to the welfare of cotton farmers and has been taking every step to protect the cotton farmers which includes procurement of cotton through Cotton Corporation of India at Minimum Support Prices.

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