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US to hold Talks with India, Others at WTO over Tariffs

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On July 20, 2018, the US will engage in consultations with India and other countries at the World Trade Organization (WTO) over its unilateral increase in steel and aluminum tariffs that has set off a global trade war.

Background

- India had dragged the US to the WTO over the 25% steel tariff and 10% aluminum tariff imposed by it on grounds of national security.
- India in retaliation targeted 29 US products worth \$10.6 billion, including almonds, apples and phosphoric acid.
- The US has argued that the tariffs are issues of national security that are not susceptible to review or capable of resolution by WTO dispute settlement, and that the consultations provision in the agreement on safeguards is not applicable.

NOTE: Every member of the WTO retains the authority to determine for itself those matters that it considers necessary for the protection of its essential security interests.

- However, India and other countries and the EU have argued that the tariff hikes by the US need to be treated as safeguard duties that give them the right to retaliate.
- The other countries that have raised the issue at the WTO include China, European Union, Canada, Switzerland, Russia, Norway and Mexico.

India-US Trade Dispute

- The United States has regularly accused India of enjoying a trade surplus by prohibiting US exports through higher tariffs -the latest salvo being the tariffs on Harley-Davidson motorcycles.
- The US has challenged almost all of India's export subsidies at WTO. It is also reviewing the generalized system of preferences programme, under which India exports goods worth \$5.6 billion to the US at preferential rates.

- Earlier, US had dragged India to the WTO over its ban on US poultry imports and its subsidy programme for domestic solar panel manufacturers while India has taken the US to the WTO over allegations of trade-restrictive measures.

WTO Dispute Settlement Body

- Resolving trade disputes is one of the core activities of the WTO.
- A dispute arises when a member government believes another member government is violating an agreement or a commitment that it has made in the WTO.
- The General Council convenes as the Dispute Settlement Body (DSB) to deal with disputes between WTO members.
- The DSB has authority to establish dispute settlement panels, refer matters to arbitration, adopt panel, Appellate Body and arbitration reports, maintain surveillance over the implementation of recommendations and rulings contained in such reports, and authorize suspension of concessions in the event of non-compliance with those recommendations and rulings.