

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1596
ANSWERED ON:03.12.2012
SUBSIDY TO TEXTILE SECTOR
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the United States of America has accused India for wrongfully giving fresh subsidies to its textile industry and has sought bilateral discussions with India;
- (b) if so, the details thereof;
- (c) whether Turkey has also expressed similar apprehensions over India`s wrongful subsidy support to its textile sector;
- (d) if so, the details thereof;
- (e) whether India is under obligation to phase out subsidies as mandated by World Trade Organisation Committee on subsidies and countervailing measures; and
- (f) if so, the details thereof along with the time frame provided to India for phasing out subsidies in the textile sector under the WTO rules?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. D. PURANDESWARI)

(a) to (d): In the WTO Committee on Subsidies and Countervailing Measures (SCM) meeting held in October 2012, United States of America (US) along with Turkey have raised concerns on the fresh subsidies recently provided by India to textiles and apparel sector despite India achieving export competitiveness in this sector. US have sought bilateral consultation with India on this issue.

(e) & (f): As per provisions of Article 27.2 of Agreement on Subsidies and Countervailing Measures (ASCM), developing countries like India, can maintain export subsidies as India's GNP per capita is less than US\$ 1000 per annum. As per the calculation released by the WTO committee on SCM, India has reached GNI per capita of US\$ 926 in 2010 at constant 1990 dollars.

Further, as per provisions of Article 27.5 of ASCM, an Annex VII developing country, on achieving export competitiveness in one or more products, is under obligation to phase out the export subsidies on such products over a period of 8 years. Export competitiveness in a product exists if a developing country member's exports of that product have reached a share of at least 3.25% in world trade of that product for two consecutive calendar years. As per the WTO Secretariat's computation made available in March 2010, India has crossed the threshold of 3.25% in 2005 and 2006 in the textile and apparel sector.

India has sought clarification from the WTO Committee on SCM on the issue of definition of product and the beginning year of the phase out period under ASCM agreement.