WTO - Public Stockholding

Why in news?

The G33, including India, has proposed for an amendment in the Agreement on Agriculture of the WTO, in regard to public stockholding.

What is the problem in this regard?

- Public stockholding (PSH) is a policy tool used by governments to procure, stockpile and distribute food when needed. Ex: MSP scheme.
- Governments purchasing at prices higher than market prices are considered to be subsidising their farmers, under WTO rules.
- Current rules suggest a fixed subsidy of 10% for food procurement from farmers to feed the poor.
- Also, the methodology for subsidy calculation is based on a price index of 1986-88, and that does not account for inflation.
- Currently, public distribution programmes of developing countries are included under trade-distorting Amber Box measures that attracts reduction commitments.

What is the demand?

- The G33 countries are thus demanding that these programmes for food security purposes be exempted from subsidy reduction commitments of
It suggested incorporating a new annexure to categorise foodgrains procured specifically for public distribution purposes.

It demanded that PSH programmes be included in the list of Green Box subsidies that are exempted from reduction commitments.

But there is opposition from the US, the EU, Australia, Canada, Brazil, among others to provide unlimited market price support under the banner of ‘public stockholding for food security’.

What lies before India?

- World Trade Organization’s 11th ministerial meeting is planned in the year end in Buenos Aires.
- India, a major player in the G-33 group of developing countries, has repeatedly demanded a permanent solution for public stockholding issue.
- India has already agreed to WTO’s Trade Facilitation Agreement on the promise that the public stockholding issue be resolved.
- India cannot afford to make another compromise in the coming meet, without a permanent solution to the issue.

Source: Economic Times, BusinessLine