



## India and USA at WTO

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India has won a major trade dispute against the US at **the World Trade Organization (WTO)**, with a dispute settlement panel.

- India had claimed that the **domestic content requirements and subsidies** instituted by **the governments of the eight states of the US in the energy sector** violated several provisions of the Trade-Related Investment Measures (TRIMs) Agreement and Subsidies and Countervailing Measures Agreement.
- India brought this dispute to the WTO in 2016.
  - The same year, the US had won a case at WTO against India's solar power policies, claiming that policies had resulted in a 90% reduction of U.S. solar exports to India.
- The panel pronounced that subsidies and mandatory local content requirements instituted by eight American states (Washington, California, Montana, Massachusetts, Connecticut, Michigan, Delaware and Minnesota) breached global trade rules.
- The panel found that all the US state measures at issue are inconsistent with **GATT 1994 (Article III-national treatment)** because they provide an advantage for the use of domestic products, which amounts to less favourable treatment for similar imported products.
  - Under the national treatment provision, foreign producers must be treated on a par with domestic producers.
- The US can challenge the panel's ruling before the Appellate Body (AB) of WTO.
  - However, the AB has become dysfunctional because the US has been blocking appointments to it.
- Read more about **India-US trade issues**.

## Implications of Ruling

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- It reflects that the US and its federal states maintain WTO-inconsistent programmes in the renewable energy sector.

- There is an assertion from world trade body that the US should not undermine renewable energy programmes in other countries such as India on grounds that they violate global trade rules when Washington and its federal states adopt much bigger programmes worth billions of dollars that violate global trade rules.