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PRESS STATEMENT

WTO: INDIA SUGAR SUBSIDIES ARE ILLEGAL

On 14 December 2021, the long-awaited WTO panel report on 'India – Measures concerning sugar and sugarcane raised by Brazil, Australia and Guatemala' was published, confirming that India's domestic sugar support, export subsidies and notifications were inconsistent with its obligations under the WTO Agreement on Agriculture.

EU sugar manufacturers welcome the WTO panel ruling. It confirms what CEFS has been saying for years: both Indian sugar production and exports are heavily subsidised, with catastrophic effects on the world market price.

The dispute concerned India's domestic support to sugarcane producers and export subsidies for sugar and dates back to 2019, when Brazil, Australia and Guatemala filed parallel WTO complaints that alleged the Indian government massively increased its sugar subsidies and reintroduced a minimum price for sugar, which led to increased production of sugar that outstripped domestic demand.

Under WTO rules, India's sugar subsidies are capped at a limit of 10% of the value of production. The panel said India violated the WTO agriculture agreement when it provided excessive non-exempt product-specific subsidies to sugarcane producers between 2014 and 2019. The WTO said India must remove its illegal subsidies within 120 days of the adoption of the report.

CEFS Director General Marie-Christine Ribera said: **"CEFS has long called for the elimination of trade-distorting subsidies and strongly opposes any market access where no level playing field exists. We call on the European Commission to take appropriate actions to ensure that no more Indian sugar enters the EU market until the offending measures are removed."**

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