

EU 'disappointed' as India rejects interim arbitration in WTO dispute

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The European Union has expressed disappointment over India's rejection of interim arbitration to resolve the dispute over import duties on certain ICT (information and communications technology) products, including smartphones and components, and its 'in void' appeal to the non-functional appellate body.

At the World Trade Organization's dispute settlement body meeting on Monday, India defended its decision and argued that its long-standing position was that such interim agreements, as suggested by the EU, undermined the right of countries to appeal to a permanent standing body and that it was important to restore the functioning of the appellate body soon.

"The EU said that it had deep regret that India did not agree to the bloc's repeated request to get the dispute settled through appeal arbitration and its decision to appeal to a non-functioning appellate body prevented the bloc from settling the dispute through adjudica-



tion," a Geneva-based trade official told *businessline*.

The EU and a few other WTO members had, three years ago, set up an interim arrangement enabling appeals of WTO panel decisions to be resolved in the absence of a functioning WTO appellate body. India has been opposed to the interim arrangement.

In April 2019, the EU had complained against India's import tariffs on certain ICT products, including mobile phones and components, base stations, integrated circuits and optical instruments on the grounds that they went against India's WTO commitments and requested consultations with the country. In August 2020, the WTO constituted a dispute panel on EU's request. Japan and Chinese Taipei

also filed similar disputes against India.

As India had committed to zero duties on many ICT products under WTO's IT Agreement (ITA-I), the complainants said the duties, imposed since 2014 and which progressively ranged up to 20 per cent, led to breach of commitment. New Delhi argued that the items were outside the purview of ITA-I.

NON-FUNCTIONAL BODY

In April 2023, the WTO's dispute settlement panel ruled against India's tariffs on the ICT products. On December 8, India appealed against the ruling at the WTO appellate body. India had earlier appealed against the ruling in the case related to Japan as well. Its discussions with Chinese Taipei are still on to resolve the matter mutually.

At Monday's DSB meeting, India expressed hope for early restoration of appellate body (which has been non-functional since December 2019 as the US has been holding up the appointment of judges) to "enable correction of the errors in the panel report" and help in the dispute resolution.