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INDIA'S MEASURES TO PROVIDE MARKET PRICE SUPPORT TO SUGARCANE

COMMUNICATION FROM AUSTRALIA PURSUANT TO ARTICLE 18.7 OF THE AGREEMENT ON AGRICULTURE

1 EXECUTIVE SUMMARY

1.1. We have a significant interest in ensuring a transparent and predictable global trading system, underpinned by a shared understanding of Members' obligations under WTO rules. Under Article 18.7 of the Agreement on Agriculture (AoA), we seek further clarification from India on its domestic sugarcane and sugar policies. Historically, as the world's second largest sugar producer and fourth largest exporter¹, dynamics in India's sugar market have significant implications for both prices and trade in the global market.

1.2. Each sugar season, the Government of India sets the Fair and Remunerative Price (FRP) for sugarcane as defined in the Sugarcane (Control) Order (1966). The FRP is an administered price that effectively acts as a floor price for sugar mills to pay farmers for sugarcane. In addition, farmers are paid premiums for increased production efficiency, and are eligible for additional payments by sugar mills under specific State-level support. For the purpose of this paper, the premium payments and State-level support, as well as other sugar-related subsidies, have been excluded from the calculations of Market Price Support (MPS) and Aggregate Measurement of Support (AMS) for sugarcane, but are discussed separately in paragraphs 4.21 – 6.3.

1.3. India has not included sugarcane, or its derived products, in any of its domestic support notifications since 1995-96. Therefore, there is no evidence provided to the WTO from the Government of India to compare with the findings of this paper.

1.4. Using the latest publicly available information, this paper compiles data on India's MPS for sugarcane over the period 2011-12 to 2016-17. MPS has been calculated in accordance with the domestic support provisions of Annex 3 of the AoA. Under Article 6, paragraph 4 of the AoA, India is limited to providing a product-specific AMS for sugarcane no greater than 10% of the total value of production of sugarcane. This follows from the fact that India has no Total AMS (or reduction commitments) in Part IV of its Schedule (XII).

1.5. Based on the evidence outlined in this paper, it appears that over the six-year period, India has provided sugarcane AMS vastly in excess of the limits set out in Article 6, paragraph 4 of the AoA (10% of the total value of production of sugarcane). This is set out in Table 1 in the form of MPS in Indian Rupees, US dollars and as a percentage of the value of sugarcane production.

Table 1 – Apparent Market Price Support (Indian Rupees Millions, USD Millions and % of value of sugarcane production)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
% of value of production	77.7%	77.1%	94.1%	94.4%	99.8%	94.4%
Millions, Rupees	467,124	526,758	684,508	740,551	747,017	656,163
Millions, USD ²	9,332	9,403	11,444	11,832	11,375	9,918

¹ USDA Foreign Agricultural Service (May 2018), Sugar: World Markets and Trade: <https://apps.fas.usda.gov/psdonline/circulars/sugar.pdf>.

² USD/INR exchange rates converted using financial year averages from IMF International Financial Statistics: <http://data.imf.org/?sk=4C514D48-B6BA-49ED-8AB9-52B0C1A0179B>.

2 INTRODUCTION AND SCOPE OF ANALYSIS

2.1. Under Article 18.7 of the AoA, we are sharing this analysis with India and with other WTO Members to seek further clarification surrounding India's domestic sugarcane and sugar policies, including any potential domestic support implications under the AoA.

2.2. Using Government of India and other public sources, this paper compiles information on India's MPS for sugarcane over the period 2011-12 to 2016-17. The analysis is limited to India's MPS for sugarcane only and does not attempt to calculate the full value of India's Current Total AMS. The limited period (six years) of this analysis does not imply that no sugarcane support was provided before 2011-12.

2.3. India has not included sugarcane or sugarcane products in any of its domestic support notifications since marketing year 1995-96 (G/AG/N/IND/1). This paper relies on publicly available information from the Government of India and AGST Supporting Tables submitted by India during the Uruguay Round (G/AG/AGST/IND). The methodology, calculations and findings of this analysis are outlined in the remainder of this paper.

2.4. For the purpose of this notification, this paper includes an MPS analysis at the central government level only. The calculations are therefore based on the Government of India's sugarcane and sugar price policies and exclude India's State-level support.

2.5. Preliminary analysis of India's State-level support provides an indication of the magnitude of this support (see paragraph 4.23). The inclusion of State Advised Prices (SAP) in the analysis would significantly increase the amount of MPS provided. For example, the SAP programme of the three major sugar producing States (Uttar Pradesh, Maharashtra and Karnataka) would increase the total level of Indian MPS by Rs 122,486 million (an 18.7%³ increase in the level of MPS) in 2016-17 alone.

3 BACKGROUND ON INDIA'S SUGARCANE AND SUGAR SECTOR

3.1. As outlined in paragraph 1.1, as the world's second largest sugar producer and fourth largest exporter⁴, dynamics in India's sugar market have significant implications for both prices and trade in the global market. The Cabinet Committee on Economic Affairs, on the advice of the Government of India's Department of Food & Public Distribution, has historically set a minimum price under the Sugarcane (Control) Order (1966). In October 2009, the Order was amended to replace the concept of a Statutory Minimum Price with a "Fair and Remunerative Price (FRP)" for the 2009-10 and subsequent sugar seasons. The FRP acts as a floor price for sugarcane farmers, even when sugar prices fall to levels that would generate sugarcane prices below the FRP. As seen in India's AGST document, the price set by government is the applied administered price (AAP) in the MPS calculation.

3.2. Clause 3 of the Sugarcane (Control) Order (1966) (the Order) refers to a minimum price of sugarcane payable by a producer of sugar. Specifically, Clause 3(1) states:

*'The Central Government may, after consultation with such authorities, bodies or associations as it may deem fit, by notification in the Official Gazette, from time to time, **fix the minimum price of sugarcane to be paid by producers of sugar or their agents for the sugarcane purchased by them...**'* (emphasis added).

3.3. In addition, the Explanation in the Order states that different prices may be for fixed for different areas, qualities or varieties of sugarcane. However, these prices cannot be less than the FRP set by the Government of India. Explanation (2) of Clause 3 states:

'[n]o person shall sell or agree to sell sugarcane to a producer of sugar or his agent, and no such producer or agent shall purchase or agree to purchase sugarcane, at a price lower than that fixed under sub-clause (1)' (emphasis added).

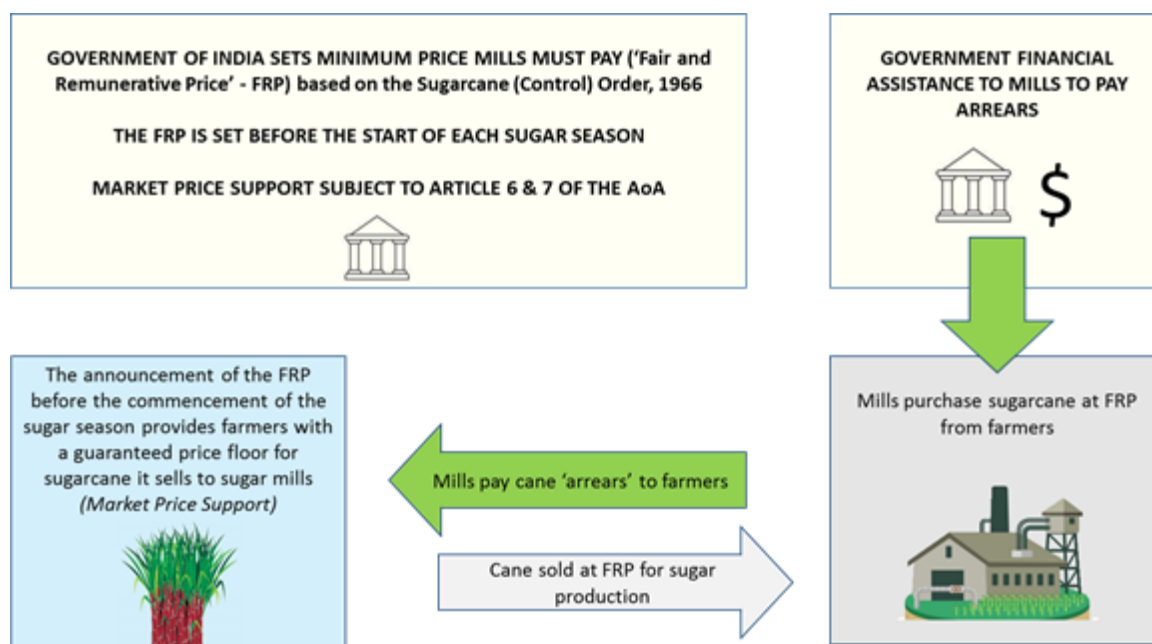
³ This figure is the percentage increase in the level of MPS (in Rupees). It is not a percentage point increase in the MPS as a percentage of the total value of production.

⁴ USDA Foreign Agricultural Service (May 2018), Sugar: World Markets and Trade: <https://apps.fas.usda.gov/psdonline/circulars/sugar.pdf>.

3.4. The Sugarcane (Control) Order (1966) extends to the whole of India and does not include any quantity restrictions on the amount of sugarcane eligible to access the programme. The Government of India announces the FRP in the months leading up to the commencement of the Indian sugarcane season (Oct-Sep). This provides sugarcane producers and sugar millers with time to make commercial decisions regarding the production and milling of sugarcane.

3.5. In addition, as the low price of sugar has affected profitability of sugar mills, the Government of India has taken various measures to subsidise the payment of arrears to sugarcane producers for previous sugar seasons. For the purpose of this paper, the analysis excludes the Government of India's financial assistance for arrears payments. Figure 1 below illustrates the flow of payments under the Government of India's sugarcane support policies.

Figure 1: Government of India sugarcane support policies



4 EXPLANATION OF APPARENT FINDINGS

4.1 AGREEMENT ON AGRICULTURE (AoA) – AMS LIMITS

4.1. Article 7, paragraph 2(b) of the AoA states that "[w]here no Total AMS commitment exists in Part IV of a Member's Schedule, the Member shall not provide support to agricultural producers in excess of the relevant *de minimis* level set out in paragraph 4 of Article 6". India has no Total AMS commitment (or reduction commitments) in Part IV of its Schedule (XII).

4.2. Annex 3 of the AoA identifies support that "shall" be included in a Member's AMS calculation. It states, "an Aggregate Measurement of Support (AMS) shall be calculated on a product-specific basis for each basic agricultural product receiving market price support, non-exempt direct payments, or any other subsidy not exempted from the reduction commitment ("other non-exempt policies)". In addition, Annex 3, paragraph 7 of the AoA states, "[m]easures directed at agricultural processors shall be included to the extent that such measures benefit the producers of the basic agricultural products."

4.3. Therefore, India's MPS for sugarcane through the mandating of the FRP is a form of non-exempt domestic support, given that sugar mills are required to pay cane farmers the AAP, and this MPS must be included in India's sugarcane AMS (see Figure 1).

4.4. A developing country Member can exclude from Current Total AMS any product-specific AMS that does not exceed 10% of the product's total value of production. This is known as the *de minimis* exemption. If India provides product-specific AMS support for sugarcane in excess of 10% of the

annual total value of production of sugarcane, Article 6, paragraph 4 of the AoA does not allow the exemption of that sugarcane AMS from the Current Total AMS.

4.2 PRINCIPLES FOR CALCULATING MPS

4.5. The definition of market price support is referenced in Annex 3, paragraph 8 of the AoA:

[M]arket price support shall be calculated using the gap between a fixed external reference price and the applied administered price multiplied by the quantity of production eligible to receive the applied administered price.

4.6. Therefore, "market price support" requires a comparison between the "applied administered price" (AAP) and the "fixed external reference price". An administered price is a price fixed by Government to determine domestic market prices. The "fixed external reference price" is defined in Annex 3, paragraph 9 of the AoA, which states that this price "shall be based on the years 1986 to 1988". The difference between the AAP and fixed external reference price is then multiplied by the "quantity of production eligible to receive the applied administered price."

4.7. The calculation provided in Annex 3, paragraph 8 of the AoA for market price support can be re-produced in the following equation:

$$(Applied\ Administered\ Price - Fixed\ External\ Reference\ Price) * Quantity\ of\ Production\ Eligible = Value\ of\ Market\ Price\ Support$$

4.8. As previously outlined in G/AG/W/174, the Appellate Body in Korea-Beef reached the same understanding of the meaning of "market price support" under Annex 3, paragraph 8 of the AoA. Specifically, the Appellate Body confirmed the Panel's interpretation that "production eligible to receive the applied administered price" has "a different meaning in ordinary usage from production actually purchased." The Appellate Body further defined "eligible" as that which is "fit or entitled to be chosen." It also noted, "[p]roduction actually purchased may often be less than eligible production".

4.9. Thus, "eligible production" within the meaning of Annex 3, paragraph 8 of the AoA, is production that is fit or entitled to receive the applied administered price.

4.3 INDIA'S SUGARCANE MPS

4.3.1 Applied Administered Price (AAP)

4.10. As outlined in paragraph 3.1 and 4.6, the AAP is a price fixed by policymakers in order to determine domestic market prices. In India, the Cabinet Committee on Economic Affairs sets the applied administered price (AAP), also known as FRP, under the Sugarcane (Control) Order (1966).

4.11. The FRP is set based on recommendations from the Commission for Agricultural Costs and Prices and in consultation with both the states and industry. To improve production efficiency via higher sugar recoveries, the FRP is payable based on a basic recovery level, which had been 9.5%⁵ for each sugar season up to 2017/18, but was recently increased to 10% for 2018/19⁶. For every 0.1 percentage point above the basic recovery level, farmers are eligible for an additional premium payment.

4.3.2 External Reference Price

4.12. As stated in the AoA (Annex 3, paragraph 9):

'the fixed external reference price shall be based on the years 1986 to 1988 and shall generally be the average f.o.b. unit value for the basic agricultural product concerned in a net exporting country and the average c.i.f. unit value for the basic agricultural

⁵ The sugar recovery level is the percentage of sugar produced relative to the amount of sugarcane crushed.

⁶ Media Release – Fair and Remunerative Prices of Sugarcane – 31 July 2018, India's Ministry of Consumer Affairs, Food and Public Distribution, Press Information Bureau, Government of India.

product concerned in a net importing country in the base period. The fixed reference price may be adjusted for quality differences as necessary.'

4.13. The sugarcane external reference price (ERP) is included in India's AGST supporting tables submitted during the Uruguay Round⁷. Based on the average of the 1986-1989 sugarcane seasons, India's ERP included in supporting table is 156.16 Indian Rupees per tonne⁸.

4.3.3 Eligible Production

4.14. As outlined above, Annex 3, paragraph 8 of the AoA, the gap between the AAP and ERP must be multiplied by the '...quantity of production eligible to receive the administered price'.

4.15. The Sugarcane (Control) Order does not limit production for accessibility to the programme. In addition, in the Korea – Beef case, the Appellate Body defined eligible production as that which is "fit or entitled to be chosen." The Appellate Body also shared the Panel's conclusion that 'the actual quantity of purchases is not relevant in the calculation of market price support'⁹.

4.16. Therefore, eligible production should include all sugarcane eligible to receive the AAP, regardless of whether or not the sugarcane was actually delivered to sugar mills for crushing under the Sugarcane (Control) Order. Based on this information, the analysis has included total Indian sugarcane production. As an administered price, the FRP has an impact on commercial operations of both sugar millers and sugarcane farmers and disrupts the price signals and market forces of supply and demand. Recent media reporting highlights the distortive effective of AAPs and government incentives, with reports there is an 'increasing shift to safer crops like paddy and sugarcane in anticipation of further hike in minimum support prices (MSP) and other government doles'.¹⁰

4.17. India's AGST Supporting Tables (G/AG/AGST/IND) and 1995-96 domestic support notification (G/AG/N/IND/1) appear to refer to eligible production figures of sugarcane for sugar production only. These figures exclude the proportion of sugarcane that flows to khandsari, gur and other feed/seed products.¹¹ Based on the findings of Korea-Beef, it appears as though the incorrect figures for eligible production have been used in both the AGST Supporting Tables and the 1995-96 domestic support notification. While this discrepancy is not a factor over the period from 2011-12 to 2016-17, due to the absence of any reporting of MPS since 1995-96, it is an issue worth highlighting.

4.18. Figure 2 below provides an illustrative example of India's sugarcane MPS for 2016-17. The calculations underlying this figure are outlined in Table 4. In 2016-17, India's total MPS for sugarcane reached an estimated Rs 656,163 million (USD 9.9 billion). This figure represents 94.4% of the total value of India's sugarcane production and exceeds India's *de minimis* limit of Rs 69,526 million (USD 1.1 billion).

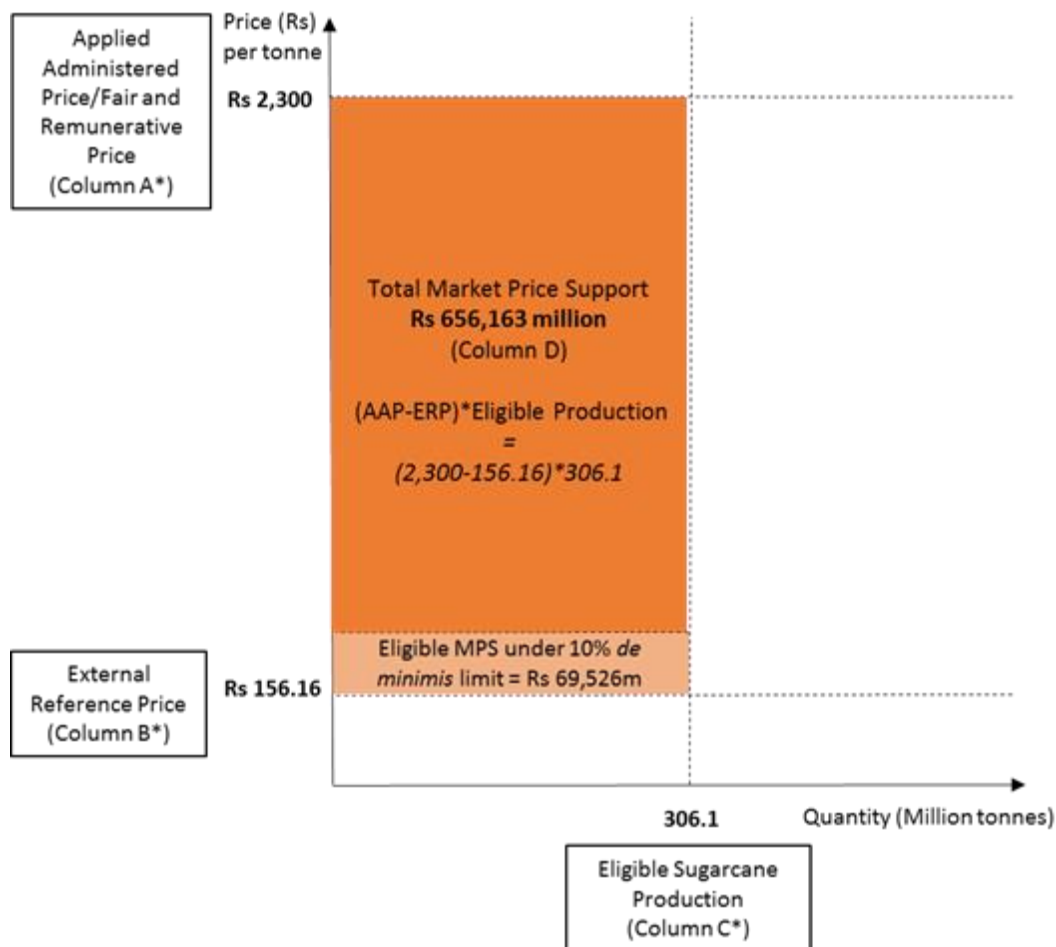
⁷ Supporting Tables Relating to Commitments on Agricultural Products in Part IV of the Schedules (G/AG/AGST/IND - Supporting Table A, pg.28)
https://www.wto.org/english/tratop_e/agric_e/schedule_e/ind.pdf.

⁸ The ERP was converted from international prices of sugar using a recovery rate of 8.5% for comparison with domestic support price of sugarcane.

⁹ https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds161_e.htm.

¹⁰ https://www.business-standard.com/article/economy-policy/farmers-shifting-to-safer-paddy-cane-from-riskier-crops-to-boost-income-118101800703_1.html.

¹¹ In 1995-96, sugar production was 62% of total sugarcane production (see source: Indira Gandhi Institute of Development Research, November 2013 <http://www.igidr.ac.in/pdf/publication/WP-2013-024.pdf>).

Figure 2: Breakdown of Market Price Support (MPS) for Sugarcane, 2016-17*

* Price and volume inputs are references in Columns A-C in Table 4.

4.4 DIFFERENCES WITH INDIA'S CALCULATIONS

4.19. India has not notified the value of its MPS for sugarcane since marketing year 1995-96 (G/AG/N/IND/1). Therefore, direct comparison between India's domestic support notifications and the analysis in this paper is not possible. In India's 1995-96 domestic support notification, total MPS for sugarcane was USD 184 million, with eligible production based on sugarcane for sugar production only.

4.5 EXCHANGE RATE DIFFERENTIAL

4.20. As identified in G/AG/W/174, India's AGST Supporting Tables (G/AG/AGST/IND) are published in Indian rupees. However, India's domestic support notifications are denominated in US dollars. To be consistent with India's scheduled commitments under the AoA, and given the FRP is set in Indian Rupees, this paper has calculated India's MPS based on Indian Rupees.

4.6 INCLUSION OF PREMIUM ABOVE 9.5% RECOVERY RATE

4.21. As referred to in paragraph 4.11, the FRP is dictated by the Government of India in consultation with industry and the States. However, the FRP does not include the additional payments provided to those farmers exceeding the 9.5% recovery level. This paper's use of an AAP equal only to the FRP does not imply that a full calculation of India's sugarcane MPS can ignore the higher AAP that effectively results from the higher prices attached to sugarcane of higher recovery levels.

4.22. As outlined in paragraph 4.11, Indian farmers are eligible for a premium payment for every 0.1 percentage point they recover above 9.5%. Over the period 2011-12 to 2016-17, the average Indian recovery rate (10.3%) exceeded the 9.5% benchmark recovery rate. While this paper does not consider additional premium payments to calculate the total MPS, the additional MPS from premium payments is significant (see Table 2). For example, in 2016-17, the premium paid to farmers for every 0.1 percentage point above the minimum recovery rate (9.5%) was Rs 24.2 per tonne. Based on the nation-wide sugarcane recovery rate during the 2016-17 season (10.51%), Indian farmers were eligible for an additional Rs 74,809 million (USD 1.1 billion) in premium payments or 10.8% of total sugarcane production value.

Table 2 – Apparent Market Price Support for Premium Program (Indian Rupees Millions, USD Millions and % of value of sugarcane production)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
% average recovery rate ¹²	10.26%	10.01%	10.27%	10.44%	10.51%	10.51%
Millions, Rupees	41,981	31,148	59,924	79,018	85,167	74,809
Millions, USD ¹³	839	556	1,002	1,262	1,297	1,131
% of sugarcane production value	7.0%	4.6%	8.2%	10.1%	11.4%	10.8%

4.7 THE IMPACT OF STATE ADVISED PRICES

4.23. As stated in paragraph 1.2, the impact of State-level support has been excluded from the MPS calculations in this paper, although a full calculation of MPS for sugarcane obviously would also include the support through State Advised Prices (SAP).

4.24. A number of sugarcane producing States have instituted a higher SAP than the FRP. The SAP creates even further distortions in the market as it excludes linkages to recovery rates and does not take into account domestic and international conditions (unlike the FRP). India's Commission for Agricultural Costs and Prices reported in August 2017¹⁴ that:

"Some state governments announce the SAP, which is much higher than the FRP. This creates a distortion in the industry because SAP is neither linked to sugar recovery nor it takes in to account domestic and global prices and other relevant parameters. As a result, when sugar prices are low, mill owners are unable to pay to farmers resulting in delayed payment, huge cane arrears and trust deficit between farmers and millers. Therefore, FRP must be implemented in all states and announcement of SAP by states should be stopped immediately. In case, where the state governments decide to continue with SAP, the difference between SAP and FRP should be paid by the state government directly to farmers."

4.25. The inclusion of SAP in the analysis would significantly increase the amount of calculated MPS. For example, the SAP programme of the three major sugar producing States (Uttar Pradesh, Maharashtra and Karnataka) would increase the total level of Indian MPS by Rs 122,486 million (an 18.7%¹⁵ increase in the level of MPS) in 2016-17 alone.

4.26. Figure 3 below provides further details of MPS for Uttar Pradesh, Maharashtra and Karnataka. The MPS for each State consists of two separate components:

- MPS based on the national AAP (or FRP); and

¹² Price Policy for Sugarcane – 2018-19 Sugar Season', Commission for Agricultural Costs and Prices, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Government of India, August 2017 -

<http://cacp.dacnet.nic.in/ViewQuestionare.aspx?Input=2&DocId=1&PageId=41&KeyId=622>.

¹³ USD/INR exchange rates converted using financial year averages from IMF International Financial Statistics: <http://data.imf.org/?sk=4C514D48-B6BA-49ED-8AB9-52B0C1A0179B>.

¹⁴ 'Price Policy for Sugarcane – 2018-19 Sugar Season', Commission for Agricultural Costs and Prices, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Government of India, August 2017 -

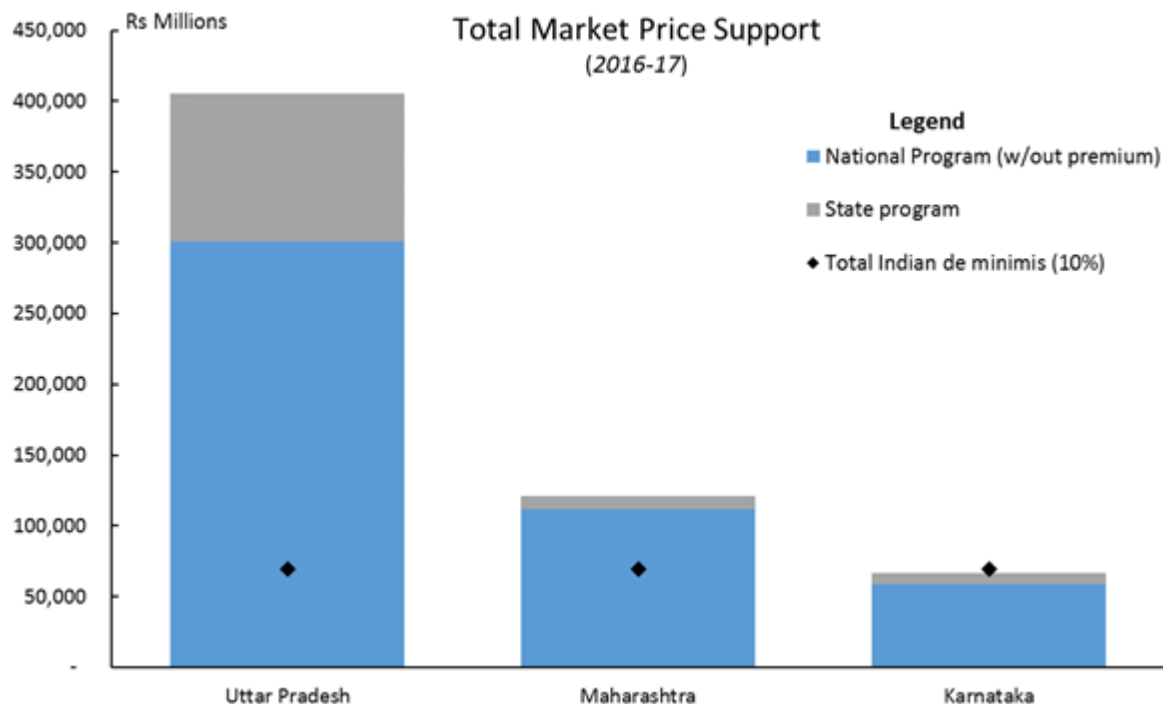
<http://cacp.dacnet.nic.in/ViewQuestionare.aspx?Input=2&DocId=1&PageId=41&KeyId=622>.

¹⁵ This figure is the percentage increase in the level of MPS (in Rupees). It is not a percentage point increase in the MPS as a percentage of the total value of production.

- additional support based on the difference between the SAP and the FRP.

4.27. It is unclear whether the States require sugar mills to pay sugarcane producers the full value of the SAP or only the additional difference between the SAP and FRP. As a conservative estimate, this paper has assumed the latter. If the States require sugar mills to pay the entire SAP in addition to the FRP, this would increase India's total MPS significantly. The extent to which the SAP exceeds the FRP can result in a very significant additional component of the MPS for sugarcane in some states, as illustrated in Figure 3.

Figure 3: Market Price Support (MPS) for selected States



5 2017-18 AND 2018-19 SUGAR SEASONS AND MPS

5.1. As discussed in paragraph 2.2, the analysis in this paper covers the sugarcane seasons from 2011-12 to 2016-17. However, the most recent FRP announcements made by the Government of India for the 2017-18 and 2018-19 sugar seasons are worth additional consideration. While value of production estimates from India's Ministry of Statistics and Programme Implementation are not yet available for the 2017-18 and 2018-19 seasons, based on the Government of India's FRP announcements and advanced sugarcane production estimates, an estimate of MPS for 2017-18 and 2018-19 can be derived (see Table 3).

Table 3 – Decomposition of Estimated Market Price Support - 2016-17 to 2018-19

	Applied Administrative Price (Rupees per tonne) ¹⁶ (A)	External Reference Price (Rupees per tonne) (B)	Eligible Production (million tonnes) ¹⁷ (C)	MPS (million Rupees) = [(A)- (B)]*(C)	% increase on 2016-17 level of MPS
2016-17	2,300	156.16	306.069	656,163	-
2017-18	2,550	156.16	376.905	902,250	38%
2018-19	2,750	156.16	383.892	995,754	52%

5.2. The rise in both the FRP and sugarcane production between 2016-17 and 2017-18, increases the level of the total MPS for sugarcane by Rs 246,087 million (an increase of 38%). Early estimates for the 2018-19 sugarcane season indicate a further increase in the total level of Indian MPS to Rs 995,754 million (an increase of 52% on the total level of sugarcane MPS in 2016-17).

6 CANE PRICE ARREARS & THE USE OTHER TRADE DISTORTING MEASURES

6.1. While the scope of this analysis is limited to India's MPS for sugar cane, as defined in paragraph 1.2, there are a number of other Government of India measures, which provide support to India's sugar industry that are excluded from this analysis.

6.2. The Government of India has introduced a number of measures to improve financial conditions for both sugarcane producers and sugar millers. The low-level of sugar prices over the past few years has reduced the ability for sugar mills to pay sugarcane producers the FRP. The Government of India has acknowledged the implications of excessive sugar stocks in a number of publications:

'Sustained surplus production over domestic consumption in the past 6 sugar seasons had led to subdued sugar prices, which had stressed the liquidity position of the industry throughout the country leading to build up of cane price arrears.'^{18'}

'Due to excess carryover stocks and indication of similar excess production in the ensuing sugar season 2018-19, the liquidity problem of the sugar mills is likely to persist in the coming sugar season too. As a result, cane price arrears of sugarcane farmers may also peak at unprecedented high level.'^{19'}

6.3. To mitigate the impacts of surplus sugar, the Government of India has announced a number of trade distorting measures over the past few years:

- introduction of a compulsory **Minimum Indicative Export Quota (MIEQ)** for sugar mills (5 million tonnes in 2018-19, and 2 million tonnes in 2017-18);
- access to **Duty-Free Import Authorization** which reduces sugar import duties to zero over a three-year period, for sugar mills which have exported sugar during a specified season;
- **freight support to facilitate export of sugar** based on the distance of a sugar mill from the closest port;
- a **performance-based financial assistance** (Rs 138.8 in 2018/19, and Rs 55 in 2017/18 per tonne of cane crushed) contingent on mills undertaking exports and supplying ethanol;
- a **fixed minimum domestic selling price** of white/refined sugar of Rs 29 per kg;

¹⁶ Department of Food and Public Distribution – Sugar and Sugarcane policy: <http://dfpd.nic.in/sugar-sugarcane-policy.htm>. Cabinet Committee on Economic Affairs: Press Release: 18 July 2018: <http://pib.nic.in/PressReleaseIframePage.aspx?PRID=1539077>.

¹⁷ First Advance Estimates of Production of Commercial Crops for 2018-19 – Department of Agriculture, Cooperation and Farmers Welfare: https://eands.dacnet.nic.in/Advance_Estimate/1st_Adv_Estimates2018-19_Eng.pdf.

¹⁸ Department of Food and Public Distribution – Sugar and Sugarcane policy: <http://dfpd.nic.in/sugar-sugarcane-policy.htm>.

¹⁹ Press Information Bureau – Government of India, Cabinet Committee on Economic Affairs: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=183700>.

- extending working capital loans for sugar mills under the **Scheme for Extending Financial Assistance to Sugar Undertakings** and extending financial assistance under the Soft Loan Scheme; and
- facilitated supply of ethanol under **Ethanol Blended Petrol (EBP) Programme** by fixing the remunerative price and waiving excise duties for producers.

7 CONCLUSION

7.1. Table 4 below provides a breakdown of the calculations to derive India's MPS for sugarcane over the period 2011-12 to 2016-17. As referred to in paragraph 2.3, India has not provided any domestic support notifications for sugarcane since 1995-96. Therefore, direct comparison against India's domestic support notifications is not possible.

7.2. It appears that over the six-year period, India has provided sugarcane AMS vastly in excess of the limits set out in Article 6, paragraph 4 of the AoA (10% of the total value of production of sugarcane). As highlighted in paragraph 4.25, if India's SAP programmes were included, these figures would be even higher.

7.3. We are ready to engage in discussions with India and other Members regarding the significance of India's MPS and resulting AMS for sugarcane, as well as the other trade distorting measures to facilitate sugar exports, and their impact on global sugar markets.

Table 4: Market Price Support (MPS) for Sugarcane, 2011-12 to 2016-17

Marketing Year	(A) Applied Administered Price (AAP) ¹	(B) External Reference Price (ERP) ²	(C) Eligible Production ³	(D) Total Market Price Support (MPS)	(E) Value of Production (VoP) ⁴	(F) MPS/VoP
	(Rs./MT)	(Rs./MT)	(Million MT)	(Million Rs.) ((A)-(B))*(C)	(Million Rs.)	(D)/(E)
2011/12	1,450	156.16	361.037	467,124	601,390	77.7%
2012/13	1,700	156.16	341.200	526,758	682,790	77.1%
2013/14	2,100	156.16	352.142	684,508	727,770	94.1%
2014/15	2,200	156.16	362.333	740,551	784,330	94.4%
2015/16	2,300	156.16	348.448	747,017	748,790	99.8%
2016/17	2,300	156.16	306.069	656,163	695,260	94.4%

- 1 Applied Administered Price is the Fair and Remunerative Price (FRP) for sugarcane at a basic recovery level of 9.5% - <http://dfpd.nic.in/sugar.htm> - Department of Food & Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, Government of India.
- 2 External Reference Price of sugarcane at a basic recovery rate of 8.5% - page 29, India's Supporting Tables Relating to Commitments on Agricultural Products in Part IV of the Schedules - G/AG/AGST/IND.
- 3 Eligible Production is the total production of sugarcane in India - First Advance Estimates of Production of Commercial Crops for 2018-19 - Department of Agriculture, Cooperation and Farmers Welfare: https://eands.dacnet.nic.in/Advance_Estimate/1st_Adv_Estimates2018-19_Eng.pdf.
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