

India may not yield to US pressure to change import rules for dairy products

India won't allow dairy products derived from animals fed on internal organs of ruminants such as cattle and sheep, says a commerce ministry official

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Asit Ranjan Mishra

The US is seeking greater market access for its dairy products in India. Mint

New Delhi: India may cite religious, cultural and moral grounds to reject a US demand to allow imports of its dairy products derived from animals fed on the internal organs of ruminants such as cattle and sheep.

The US is currently reviewing the benefits India gets under the generalized system of preferences (GSP) the US duty-free scheme for developing countries. The review follows complaints filed by the US dairy and medical equipment industries over India's alleged failure to provide "equitable and reasonable access to its market".

India and US trade officials are currently negotiating to finalize a trade package that would involve give-and-take from both sides. India is seeking a waiver of the unilateral tariff hikes imposed by the Trump administration on steel and aluminium and continuance of GSP benefits.

The US is seeking greater market access for its dairy products, medical devices and Harley Davidson motorcycles among other goods. India has deferred imposition of tit-for-tat tariffs on 29 products worth \$235 million till 2 November and Indian officials say the recent round of trade talks have been "encouraging".

However, the National Milk Producers Federation (NMPF) and the US Dairy Export Council have complained that India has resisted complying with existing World Trade Organization obligations for dairy products, suggesting Indian dairy certificate requirements for dairy imports are unscientific.

India has so far insisted that it will only allow imports of dairy products that are derived from animals which have never consumed any feeds containing the internal organs, blood meal or tissues of ruminants—plant-eating animals.

India has told the US that this position is based on religious, cultural and moral grounds which are in compliance with WTO rules which allow members to use measures that are “necessary to protect public morals.”

“India is committed to respecting the religious and cultural beliefs of its people and it will be inappropriate to impute any other considerations to this decision. India has significant dairy import from many countries who have had no issues in complying with India’s requirements,” a commerce ministry official said, speaking under condition of anonymity.

India says there is no empirical data to suggest that the requirement of animal feeds is trade-restrictive and leads to restrictions on market access.

Indian imports of dairy products have risen from \$34.35 million in 2016-17 to \$43.79 million in 2017-18.

The US in its 2018 report on foreign trade barriers said India’s restrictions on animal feed, along with high tariff rates, continues to prevent market access for its milk and dairy product exports to India, one of the world’s largest dairy markets.

“In order to address India’s religious and cultural concerns, in 2015, the US proposed a labelling solution to allow for consumer choice between dairy products derived from animals that have or have not consumed feeds with ruminant protein. India has so far rejected that proposal, and the US continues to press India to provide access to the Indian dairy market,” the report added.

The Indian official responded that the labelling proposal has been examined by various agencies in India, including the Food Safety and Standards Authority of India, Livestock Health and Dairy divisions and the Department of Commerce.