

What is the Peace Clause at WTO?

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About Peace Clause

- Under the Peace Clause, **WTO members refrain from challenging any breach in the prescribed subsidy ceiling** given **by a developing nation** at the dispute settlement forum of the WTO.
- **Subsidies over** and above the **prescribed ceiling** are seen as **trade-distorting**.
- **Subsidy ceiling: Under the global trade norms**, a WTO member country's **food subsidy bill should not breach** the limit of **10 percent of the value of production** based on the **reference price of 1986-88**.
- **India has been seeking amendments** to the formula for calculating this food subsidy cap.
- As an **interim measure**, the **WTO members at the Bali ministerial meeting** in December 2013 agreed to **put in place** a mechanism popularly called **the Peace Clause** and committed to negotiating an agreement for a permanent solution.
- This clause **will be there till a permanent solution is found** to the food stockpiling issue.
- While the '**peace clause**' allows developing countries to breach the 10% ceiling without invoking legal action by members, it is **subject to onerous notification requirements and numerous conditions such as not distorting global trade** and not affecting food security of other members.

Q1: What is the World Trade Organization (WTO)?

The (WTO) was established in 1995 under the Marrakesh Treaty (1994) with the aim of promoting free and fair trade among its member countries. It has 164 member countries, representing over 98% of global trade. It is headquartered in Geneva, Switzerland, and operates on a consensus-based decision-making process.

Source: [Fifth time in a row: India invokes the peace clause for rice in WTO](#)

Source: <https://vajiramandravi.com/current-affairs/peace-clause-at-wto/>

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