

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 3– • EXAMINATION – WINTER 2015

Subject Code:2830013

Date: 02/12/2015

Subject Name: WTO Multilateral trading system and its impact on Business

Time: 10.30 AM to 01.30 PM

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q. No.

Q.1 (a)

6

GATS deals with the agreements for

1. A. Goods B. Services
C. Goods with Services D. None of the above
GATT 1994 oversees the multilateral system relating to

2. A. Goods B. Services
C. Goods with services D. Services for Goods
WTO deliberates decision making process through

3. A. General Council B. Ministerial Conference
C. Board of Governors D. Executive committees
TRIPS is related to the
A. Trade related aspect B. Trade related aspect of international
of Intellectual physical rights

4. C. Traffic related D. None of the above
Physical services

The highlighting objective of GATT 1994 is

5. A. Most favoured B. Commercial feasibility of trade
Nation treatment
C. Highest tariffs D. Highest export-import

GATS refers to the trade objective of services with

6. A. Commercial presence B. Movement of consumers to the destination
of parties of importation
C. I.T Compliant D. None of the above

Q.1 (b) Definition Questions

04

01] Define the term Intellectual Property

02] Explain concept of Green Room meetings

Q.1 (c) Explain the importance of WTO with its objective

04

Q.2 (a) Explain the functional structuring of WTO And Trade Policy Review Mechanism (TPRM)

07

- (b) Analyze the four pillar rules of GATT 1994 with practical reference of each of them. 07

OR

- (b) How the trade information sought from WTO can be useful to participating countries ? 07

- Q.3** (a) Analyze the modus operandi between EUROPEAN UNION & ACP Countries. 07

- (b) Analyse the concept of Preferential Trade Agreements with illustrations 07

OR

- Q.3** (a) Critically analyze the rules for Export incentives, export control 07

- (b) Critically discuss the role of Custom Duty in import and export of goods & services. 07

- Q.4** (a) What methods are adopted for valuation of goods for custom duty determination 07

- (b) Explain the general Rules for export incentives including controlling measures with practical case study. 07

OR

- Q.4** (a) Explain the concept of Import Policy with The Operational Provisions For Import Licensing. 07

- (b) Explain hypothetical export import policy of India for pharmaceutical products 07

- Q.5** Case Study 14

Please read and analyze the following Case Study in your own words.
Discuss to answer: Why?, How? And Who is doing what? Answer in
100 words approx.
(See below)

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India's Upcoming WTO Challenges:

India and the US are on the cusp of cementing relations on several fronts. The two sides are stepping up cooperation in sharing intelligence, forging an extraordinary military relationship and strengthening education and cultural relations. US defence secretary Ashton B. Carter's visit to New Delhi last week is a testimony to the common pursuit of a shared military projects being promoted by the Narendra Modi government.

At a time when Washington is raising the temperature against Beijing in Asia, the increased bonhomie between the two nations—which otherwise stood far apart during the Cold War—must manifest in other areas as well.

But this is not the case at least in one area where the Indo-American relations are anything but harmonious. The two sides are constantly at each other's throat when it comes to trade involving the bread-and-butter issues of hundreds of millions of farmers living under a dollar per day. The US, for example, is angry over the farm subsidies provided by India to its *daridra narayans*.

During two separate trade-related events last week, the US and India took pot shots at each other on the issue of farm subsidies. At the sixth India trade policy review meeting in the World Trade Organization (WTO) on 2 June, the US issued sermons to India about its trade-distorting farm subsidies. The TPR (Trade Policy Review) is an occasion for WTO members to seek immediate answers to vexing trade problems in the country under examination.

It is an elaborate exercise in which the WTO secretariat prepares a comprehensive report listing all major trade initiatives, including trade restrictive measures that limit exports and imports. In response, the country which is being scrutinized offers a statement about its policy initiatives as well as steps taken to face unforeseen changes in the global trade environment.

For developing countries such as India, the review comes after every four years. Unlike the previous TPR in 2011, the US behaved less like a cowboy with India this time. Nevertheless, Washington pointed a finger at the continued barriers, largely in two sectors—agriculture and intellectual property protection—in India. While every member has the right to speak about legitimate concerns regarding specific policy measures implemented by India, the US chose to pontificate about New Delhi's failure to pursue genuine trade liberalization policies in agriculture based on the comparative advantage.

The US, for example, has raised three sets of concerns about Indian agriculture policies. First, the agriculture sector in India remains closed to many foreign products. New Delhi follows “unpredictable” tariff policies. Second, India maintains unscientific and unjustifiable import barriers on agriculture products by resorting to what are called sanitary and phytosanitary health-related measures and technical barriers to trade restrictions. The US stand was proved right at the WTO last week.

And third, “India also provides a broad range of assistance to its agriculture sector, including credit subsidies, debt forgiveness, and subsidies for inputs. In addition, agriculture producers of 24 products benefit from the government program to purchase food products from farmers at minimum support prices”. These policies pursued by the Indian government, the US

maintained, “distort domestic market prices and incentivize the overproduction of rice and wheat”.

But the US should know that it is an established serial repeat violator of global subsidy rules. This is proved in the US upland cotton dispute raised by Brazil. Therefore, the US commandments to India to pursue subsidy-free agriculture policies are galling. The US farm bill, which was passed last year, provides for expenditure at an estimated total of \$489 billion for the five-year period lasting till 2018. The new US payments to around 25,000 farmers include “deficiency type of payments aimed at compensating farmers for reduced returns when prices or yields go down”.

“The new “coupled” policies [of the US], therefore are considered production distorting and, unlike the previous decoupled payments, are subject to limitations in accordance with the commitments undertaken by the US under the agreement on agriculture,” said John Adank, New Zealand’s trade envoy to the WTO.

Compared with over \$45,000 per capita agriculture subsidies in the US, India provides a support of less than \$ 200 per active person in agriculture. The US has also imposed market access barriers on cotton, sugar, dairy products and lamb.

Ironically, it is the US which has stalled negotiations for a credible reform of farm subsidies during the past 14 years as part of the Doha Development Agenda trade negotiations.

Since 2010, Washington has turned the tables in Geneva by resorting to an extreme form of diversionary tactics in which developing countries, particularly China and India, are projected as the untold-subsidy-villains.

To continue with its trade-distorting subsidies, which ought to have been substantially reformed during the Doha Round, the US has now come up with a novel strategy—either bury the whole subsidy reform as laid out in the 2008 revised draft modalities or force China and India to take subsidy-reduction commitments even though they are not required to do so under the Doha mandates.

Last week, in Paris, the issue concerning the reform of farm subsidies came into the open during a closed-door informal ministerial meeting. India took the bold step of calling a spade a spade when it pointed the finger at countries trying to stall the comprehensive reform of subsidies under the pretext of what is called the “recalibration” strategy. Credit goes to WTO director-general Roberto Azevedo for promoting this dubious strategy in close collaboration with the US and other rich countries. It aims at putting the Doha Round to bed at the upcoming tenth ministerial conference in Nairobi, Kenya, later this year, without addressing the problems faced by the wretched of the earth. India can also safely forget about a permanent solution to its

public stockholding programmes for food security as well as instruments that provide policy space to assist its poor farmers.

Will the Modi government stand up for its poor farmers? That is the test it would face at Nairobi.

D. Ravi Kanth

Source: <http://www.livemint.com/Opinion/LWZsHgv3Yhryt6LwxyyXOM/Indias-upcoming-WTO-challenges.html>