

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER 3 – EXAMINATION – WINTER 2018

Subject Code: 3539291

Date: 06/12/2018

Subject Name: WTO Multilateral Trading System and its Impact on Business
(WMTS-I)

Time: 10:30am To 1:30pm

Total Marks: 70

Instructions:

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

Q. No.		Marks
Q.1	Define the following with practical examples. (a) Non-discrimination (b) Dollarization (c) Reciprocity (d) Ad Valorem tariff (e) The International Fisher Effect (f) Binding & enforceable commitments (g) Transparency	14
Q.2	(a) Why GATT was considered as “rich man’s club” in the earlier years, by developing countries? (b) Write a note on Partnership Agreements between the European Union and developing countries in Africa	07 07
	OR	
	(b) Define Technical Barriers to Trade and Sanitary & Phytosanitary Measures.	07
Q.3	(a) Explain the various rules applicable to Valuation of goods for customs Purposes with example. (b) Explain Import Licensing Procedures with technical regulations and health & sanitary regulations	07 07
	OR	
Q.3	(a) Describe the improved discipline that would be adopted in the use of subsidies in the agriculture sector in the Doha Round. (b) Write a detailed note on Safeguard, Anti-dumping and Countervailing Measures in Trade. Also explain remedy Measures of it.	07 07
Q.4	(a) Tariffs should be reduced and non tariff measures eliminated by participating in the rounds of negotiations held under the auspices of WTO, justify this statement with suitable example. (b) Describe the various rules of GATT applicable to Exports, Also explain export incentives, export taxes and export restrictions	07 07
	OR	
Q.4	(a) What are the reasons for change in attitude of developing countries and for increasing interest in participating WTO discussions and negotiations? Explain in detail. (b) Write a note on MFN rule. Also explain exceptions to the MFN rule provided by: (i) Preferential Trade Agreements (PTAs) (ii) Generalized system of Preferences (GSP)	07 07

Uganda is heavily reliant on agricultural activities — in large part dominated by smallholder farmers — and is a key player in regional integration, bilateral and international negotiations as developments in the multilateral trading system continue to evolve rapidly. Uganda is a founding member of the WTO, Uganda actively participates in these multilateral and bilateral trade initiatives, which carry with them new opportunities and challenges. The effective use of these trade initiatives depends very much on how Uganda prepares for (and effectively participates in) the negotiation process in order to articulate and defend its interests. This is possible if preparations for (and the conduct of) the trade negotiations are well structured, co-ordinated and include all stakeholders, namely the government, the private sector, civil society and academia.

Trade negotiations vary in scope and content but generally depend on the structure of the economy of a particular country. Uganda, like many other developing countries, is trying to diversify away from traditional exports; the trade negotiations in which it is involved are therefore aimed at securing markets for new products (namely tea, tobacco and cotton), in addition to markets for the traditional exports. Trade negotiations are also aimed at obtaining the co-operation of trading partners on the technical and financial assistance required to meet market preferences and to comply with health and technical standards as well as other customs or entry requirements. In the broader context of development support, negotiations can also be targeted at obtaining assistance to developing countries such as Uganda to address production and supply constraints, so as to develop fully and increase their production potential for both domestic and export markets.

An effective trade policy framework requires the formulation of trade policy and strategy, the preparation and execution of negotiating strategies, the implementation of agreements, and the monitoring and evaluation of policies and agreements. This short study attempts to identify Uganda's current capacity to prepare for, and participate in, WTO trade negotiations. It considers the processes taking place on national, regional and international levels and how they affect the formulation and co-ordination of Uganda's participation in trade negotiations. This study is expected to contribute to a better understanding of the country's trade capacity and its ability to co-ordinate and participate in trade development negotiations. Policy actions to improve and strengthen capacity among various stakeholders and the development of a sound trade policy in Uganda are suggested.

Consultation processes in Uganda for trade negotiations

Consultations are important for formulating and executing an effective trade policy, negotiating effectively, implementing trade agreements, meeting ongoing trade obligations and defending the country's trade-related rights (OECD 2003: 32). The consultation process helps to ensure that Uganda's negotiating position is realistic and pragmatic. Uganda's share in global trade is small and cannot, therefore, influence the final outcome of trade negotiations;

cannot, therefore, influence the final outcome of trade negotiations; however, the quality of the information obtained in the consultation process could be of significant value in informing the country's negotiating position. The consultation process ensures that a country's position covers all areas and allows for an open and transparent exchange of ideas among stakeholders.

The consultation process often has a number of objectives, including but not limited to (i) seeking the views of stakeholders on how the negotiations could help their various constituencies in achieving their goals; (ii) building consensus among stakeholders on key current and emerging issues affecting the country's negotiating position; and (iii) keeping stakeholders informed of the country's negotiating positions as they are being developed. Interest-based discussions provide stakeholders with an opportunity to discuss their needs, desires, concerns and fears, and provide the potential for greater creativity and consensus on common goals.

Uganda's preparation and participation in WTO trade negotiations take place at WTO meetings abroad (most often in Geneva) or in the capital, Kampala, where the lead ministries on WTO issues are to be found, as well as the various domestic stakeholder institutions in the private sector, academia and among civil society groups. A link has been established between representatives taking part in the negotiations abroad and ministry officials and support institutions in the capital. The latter are expected to provide timely information in support of the negotiating positions adopted, to enable Uganda's representatives in Geneva, or elsewhere abroad, to argue the country's positions. The support groups are briefed on the twists and turns of the negotiations and are expected to provide feedback and input to the negotiators regarding the way forward.

The process of preparing for trade negotiations in Uganda is largely a consultative process co-ordinated by the Inter-institutional Trade Committee (IITC), which includes government institutions, the private sector, academia and civil society organizations. The IITC is a broad-based national body that formulates trade policy and negotiating positions for Uganda; its members are expected to present the views of the constituencies they represent. The Ministry of Tourism, Trade and Industry (MTTI), which chairs the IITC and acts as its secretariat, is the chief government negotiator. It co-ordinates the negotiation process by consulting stakeholders during the formulation of the country's negotiating positions, linking stakeholders with the government (before, during and after the negotiations), and articulating and defending Uganda's interests during the negotiation process. The MTTI is also responsible for the implementation of the WTO Agreements.

The way in which consultations are structured and co-ordinated, however, is as important as the seriousness with which the stakeholders regard the process; participants should represent the views of their constituencies faithfully and ensure that the consultations serve to inform the trade policy process.

The key objective of the stakeholder consultations in Uganda is to

reach a consensus on national development goals and the means available to achieve them, as well as to refine the negotiations strategy in response to progress and changing circumstances in the negotiations. To get a sense of the actual preparation and development of the negotiation process in Uganda, views on this were sought from stakeholders using structured interviews and focused group discussion. The following section presents the challenges for trade negotiations by Uganda as identified through these interviews.

The way forward

Trade negotiations are an integral part of international and national development strategies. The capacity to prepare adequately for such negotiations and the level and manner of participation have an important bearing on the outcome of trade negotiations for any economy. It is not the trade negotiation per se that can drive an economy to development, but rather the post-negotiation handling or adjustments that are made to take advantage of the opportunities created by negotiations. For example, all the WTO agreements have longer transition periods for, and give special and differential treatment to, LDCs. However, most LDCs, including Uganda, seem not to have taken full advantage of, or benefited from, these opportunities. This is largely attributable to the failure of these countries to reorient national policies in a direction that can help them tap the opportunities arising from trade negotiations, such as tariff cuts under the Uruguay Round, the use of subsidies in one of the boxes (specifically, the green box) under the Agreement on Agriculture, and so forth.

Uganda's current Poverty Eradication Action Plan (PEAP), for example, does not have trade issues as a priority so as to tap trade opportunities created by the Uruguay Round. Tapping these opportunities had not been a national priority since the first PEAP was developed in 1997. Only in the recently concluded PEAP revision exercise of 2003/2004 was trade issues included in national development plans. The way forward is for Uganda to prepare its development policies in such a way as to enable the country to benefit from the trade opportunities arising from numerous trade negotiations. Mainstreaming trade development strategies in the overall national development policy framework, a process that has just begun, should be strengthened.

The government's handling of trade negotiations is still wanting. This could partly be due to the fact that trade issues have not yet been placed at the centre of national development objectives. It is important that the government views trade negotiations as an important development tool in which it needs to invest. There is a need to provide technical expertise in missions to trade bodies so the members of such missions can handle a number of issues at the same time, while also coordinating in time with the ministry (MTTI).

The government needs to fund its own negotiators so that their capacity and the attention paid to negotiations are not compromised. Foreign-funded and facilitated negotiators affect the preparation process: if the funding body delays confirmation of funding, the negotiator has the uncertainty of not knowing whether

he or she will be able to attend the negotiations.

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The diverse composition of the IITC is good for the consultation process, but the knowledge base of the members is still wanting. It is imperative that they are trained in trade issues, specifically on the multilateral trading system, so that they can adequately push for the interests of their constituents and properly advise government during the consultation phase in preparation for trade negotiations.

The need also exists for increasing awareness of the importance of WTO negotiations among stakeholders, particularly the private sector and civil society. Manufacturing and farmers' associations (e.g. the Uganda Manufacturers' Association) could be targeted in the process of raising awareness. Stakeholders should be well informed as to WTO requirements and their implications, so as to obtain a good understanding of the negotiation process.

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- (a) Explain trade negotiation policy of Uganda in context with cotton.
- (b) Describe various strategies & consultation process adopted by Uganda.

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OR

- Q.5**
- (a) Explain in detail the challenges & opportunities of Uganda & other developing countries.
 - (b) Describe the poverty removal strategies adopted by Uganda. Also give your suggestion.

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