

Study Questions

Lecture 9

World Trade Arrangements and the WTO

Part 1: Multiple Choice

Select the **best** answer of those given.

1. The OECD
 - a. Gathers and publishes data on the international economy.
 - b. Provides financial assistance to developing countries.
 - c. Approves international standards and product regulations.
 - d. Includes more developing countries than developed countries.
 - e. Is a cartel of countries that export oil.

2. The Smoot-Hawley Tariff Act
 - a. Created NAFTA.
 - b. Changed US tariffs to be in compliance with the GATT.
 - c. Raised tariffs on tulips imported into the Netherlands to over 100%.
 - d. Restricted US imports of motorcycles in the 1970s.
 - e. Raised US tariffs on hundreds of products at the start of the 1930s.

3. Which of the following issues did the Uruguay Round **not** address?
 - a. Tariffs
 - b. Intellectual Property
 - c. Agriculture
 - d. Migration
 - e. Services

4. Which of the following is **not** a member of the WTO?
 - a. United States
 - b. China
 - c. Russia
 - d. Taiwan
 - e. Iran

5. Members of the World Trade Organization are required to
 - a. Eliminate all tariffs.
 - b. Allocate quotas on a first-come-first-served basis.
 - c. Use the WTO's definitions of products, such as what can be called "beer."
 - d. Enforce patent rights for patent holders from other countries.
 - e. Prevent their firms from "dumping."

6. Which of the following exceptions in the WTO rules does **not** permit a country to use a tariff or quota that is more restrictive than its bound tariff?
 - a. Anti-dumping
 - b. Countervailing duties
 - c. Safeguards
 - d. Balance of payments protection
 - e. Preferential trade agreements

7. At the Cancún Ministerial of the WTO in September 2003, the "G20" (sometimes called the G21 or G22) was
 - a. A group of developed countries that wanted negotiations on the Singapore Issues.
 - b. A group of developing countries that favored international rules governing investment.
 - c. A group of developed countries that insisted on elimination of export subsidies on agricultural products.
 - d. A group of developing countries that insisted on elimination of export subsidies on agricultural products.
 - e. A nongovernmental organization arguing that the legal age for drinking should be raised to 21 (or 22).

8. The "principal supplier" and "principal demander" are the
 - a. Countries that negotiate tariff reductions on a particular product in a trade round.
 - b. Sources of the MFN and National Treatment cornerstones of the GATT.
 - c. Members of a dispute settlement panel that argue for and against the defendant.
 - d. Points at which supply and demand curves cross the axes.
 - e. First traders to be permitted to import under a quota during a calendar year.

Part II: Short Answer

Answer in the space provided.

1. What do the following acronyms stand for?

- a. OECD
- b. MFN
- c. GATT
- d. TRIP

2. Fill in the blanks in the following:

Two fundamental principles of the GATT and its successor, the _____, are the MFN Principle and National Treatment. The difference between these is that the MFN principle rules out discrimination, on the part of a country's trade policies, between _____ while National Treatment rules out discrimination between _____.