

6. Analyse the policy framework and strategies adopted by India with regards to Trade. Compare it with any developed economy in the world. What can be the reasons attributed to difference between the two? (15)
7. Write short notes on :
- (a) EXIM Policy
- (b) ASEAN
- (c) Trade Liberalisation in India (5×3=15)

[This question paper contains 6 printed pages.]

Your Roll No.....

Sr. No. of Question Paper : 1932

Unique Paper Code : 61017913

Name of the Paper : International Trade : Policies & Strategies

Name of the Course : **Bachelor of Management Studies (BMS), 2018 (CBCS)**

Semester : V

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Question No. 1 is compulsory.
3. Attempt any **Four** questions from Q. No. 2 to Q. No. 7.
4. Each Question carries **15** marks.

1. Case Study:

United States (US) President Donald Trump announced plans for tariffs on foreign steel and aluminium in the beginning of 2018. He has argued that global

oversupply of steel and aluminium, driven by China, threatens American steel and aluminium producers and will harm US industry and cost US workers their jobs. On the campaign trail, he promised them a fairer deal - and it seems he's happy to risk a trade war to get what he wants. In fact, he has previously suggested that trade wars are "good, and easy to win".

The US granted temporary exemptions to the European Union (EU), Canada and Mexico amid negotiations over limits. That deadline has expired. After its expiry, US levied a 25% tax on steel and 10% tax on aluminium from the EU, Mexico and Canada. It also imposed 10% tariffs on a US\$200 billion list of Chinese goods.

The move immediately triggered vows of retaliation from Mexico, Canada and the EU, which called the tariffs "protectionism, pure and simple". The tariffs will hit UK products such as plated steel, slabs, coil, rolls of aluminium, and tubes, raw materials which are used extensively across US manufacturing, construction, and the oil industry. Canada has put 25% tariffs on certain types of American steel, as well as a 10% tax on other items, including yoghurt, whiskey and roasted coffee. Mexico plans to impose duties on steel, pork legs and shoulders, apples, grapes, blueberries and cheese. Europe also outlined a list of items, including US bourbon, cranberries and jeans, as targets for retaliation.

(b) The spectacular growth in Indian Pharmaceutical Industry (IPI) is mainly due to various legislative reforms of the Indian government to protect its domestic pharmaceutical industry and diminish foreign dominance, and other changes including reverse engineering of patented drug molecules. Similarly, the U.S. government gave Boeing substantial R&D grants which probably helped tilt the field of competition in the newly emerging market for passenger jets in Boeing's favour. Articulate the arguments for government intervention in International Trade. (8)

14. Assume that India imposes a specific tariff rate on fertilizers. Based on the concept of tariffs, answer the following :

(a) Determine the effect of tariff on Indian producers, consumers and government. (7.5)

(b) Graphically depict the effect of tariff on price of the fertilisers, demand and supply of fertilizers and volume of trade. (7.5)

5. Regional trade agreements (RTAs) seem to compete with the WTO, but often they can actually support the WTO's multilateral trading system. Citing examples, explain the benefits of Regional trade agreements (RTAs). (15)

its goods exports, it has been criticised for not upholding WTO rules requiring enforcement of trademarks and patents and for subsidising selected domestic sectors.

Case Questions :

- (i) Do you think the measures adopted by Trump are in the best interest of U.S.? Justify. (5)
 - (ii) What repercussions would arise because of this alleged trade war between U.S. and economies like China or the EU? (5)
 - (iii) What principles of WTO shall help in resolving the trade tussle? (5)
2. India has experienced depreciation in its currency over the past few months. Do you think the widening Current Account Deficit (CAD) is a reason for such depreciation? If so, explain? (15)
3. Answer the following :
- (a) "The world's poorest countries cannot find anything to export. There is no resource that is abundant—certainly not capital or land, and in small poor nations not even labour is abundant." Discuss it in light of a suitable trade theory. (7)

Canada, Mexico and the EU combined exported \$23bn worth of steel and aluminium to the US last year - nearly half of the \$48bn total steel and aluminium imports in 2017. Since the tariff announcement by Trump's administration, companies in the US that buy metals have already reported higher steel prices and complained that US producers do not have the ability to meet demand. US companies have warned that higher metal costs will disrupt supply chains and eventually get passed on to US households. They said the tariffs are likely to lead to job losses at firms that rely on the materials.

The EU and China has decided to bring a case before the World Trade Organization (WTO). The Trump administration is also filing a challenge at the WTO against China, the European Union, Canada, Mexico for tariffs they imposed against the US in retaliation. The moves put a spotlight on the WTO, a multinational forum that is based on rules, in contrast with Trump's nationalistic approach that emphasises country-to-country relationships. WTO facilitates free and fair trade by establishing rules, settling disputes and getting countries to talk to work out their differences. Both the sides seeks and wants WTO to find a solution. While China takes advantage of WTO protections for