

UNIVERSITY OF SWAZILAND

DEPARTMENT OF LAW

FINAL EXAMINATION PAPER, 2006 (SUPPLEMENTARY)

TITLE OF PAPER : INTERNATIONAL TRADE AND INVESTMENT

COURSE CODE : L508

TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS : ANSWER FOUR (4) QUESTIONS  
ALL QUESTIONS CARRY EQUAL MARKS

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GRANTED BY THE INVIGILATOR.**

### QUESTION ONE

The government of country X grants short-term financing to its sole widget producer for its exports. These loans are made when the seller presents the Central Bank with proof of shipment to the foreign buyer and are repayable within 60 days after the receipt of payment by the seller. The loans are at an annual interest rate of five (5) percent, which is half the rate that the producer pays on its loans from other local banks. Does the loan constitute a subsidy?

(25 marks)

### QUESTION TWO

Under what conditions is it possible for WTO members to derogate from the most favoured nation treatment obligation for the purpose of creating customs unions or free trade areas with a view to facilitating trade between the constituent territories? How are “customs unions” and “free trade areas” defined in GATT 1994?

(25 Marks)

### QUESTION THREE

After hearing from your friends that you have recently completed your LLB program, the Principal Secretary approaches you for advice and seeks to offer you a short contract of employment which you accept. In terms of your just concluded employment agreement, you are required to give an analysis of the WTO Appellate Body’s approach to the parallelism requirement.

(25 Marks)

**QUESTION FOUR**

The Swazi Government has been petitioned by producers of baby vegetables in the country to institute proceedings against the European Union. The said producers allege that the local industry is being injured because the European Union subsidises its own local baby vegetable producers. Discuss.

(Assume that Swaziland is not a member of SACU)

(25 marks)

**QUESTION FIVE**

a) What is the difference between GATT 1947 and GATT 1994?

(15 Marks)

b) What is the objective of the national treatment obligation?

(10 Marks)

(25 Marks)