The Quaide Milleth College for Men

International Economics – CDZ4B

II B.Com. General

1. State the difference between inter-regional and international trade.

1. Factor Immobility
2. Difference in Natural Resources
3. Geographical and Climatic Differences
4. Different Markets
5. Mobility of Goods
6. Different Currencies
7. Problem of Balance of Payments
8. Different Transport Costs
9. Different Economic Environment
10. Difference Political Groups
11. Different National Policies

2. Explain smith's theory of absolute differences in costs.

Adam smith extolled the virtues of free trade. These are the result of the advantages of division of labour and specialisation both at the national and international levels. The division of labour at the international level requires the existence of absolute differences in costs. Every country should specialise in the production of that commodity which it can produce more cheaply than others and exchange it for the commodities which cost less in other countries. According to Smith, "Whether the advantages which one country has over another be natural or acquired, is in this respect of no consequence

3. Explain Ricardo's therory of comparative differences in costs.

According to David Ricardo, it is not the absolute but the comparative differences in costs that determine trade relations between two countries. Production costs differ in countries because of geographical division of labour and specialisation in production. Due to difference in climate, natural resources, geographical situation and efficiency of labour, a country can produce one commodity at a lower cost than the other. In this way, each country specialise in the production of that commodity in which its comparative cost of production is the least. Therefore, when a country enters into trade with some other country, it will export those commodities in which its comparative production costs are less, and will import those commodities in which its comparative production costs are high. This is the basis of international trade, according to Ricardo. It follows that *each country will specialise in the production of those commodities in which it has the greatest advantages or the least comparative disadvantage.* Thus, a country will export those commodities in which its comparative advantage is the greatest and import those commodities in which its comparative disadvantage is the least

ASSUMPTIONS OF THE THEORY

The Ricardian theory of comparative advantages in based on the following assumptions:

1. There are only two countries, Say England and Portugal
2. They produce the same two commodities say,wine and cloth.
3. There are similar tasted in both countries
4. Labour is the only factor of production
5. The supply of labour is unchanged
6. All units of labour are homogeneous
7. Prices of two commodities are determined by labour cost, i.e., the number of labour units employed to produce each.
8. Commodities are produced under the law of constant costs or returns.
9. Technological knowledge is unchanged
10. Trade between the two countries takes place on the basis of the barter system
11. Factors of production are perfectly mobile within each country, but are perfectly immobile between countries
12. There is free trade between the two countries , there being no trade barriers or restrictions in the movement of commodities
13. No transport costs are involved in carrying trade between the two countries
14. All factors of production are fully employed in both the countries
15. The international market is perfect so that the exchange ratio for the two commodities is the same.

4. Explain the theory of comparative costs in terms of money.

THE THEORY OF OPPORTUNITY COSTS

The opportunity costs theory says that if a country can produce either commodity X or Y, the opportunity cost of commodity X is the amount of the commodity Y that must be given up in order to get one additional unit of commodity X. Thus the exchanges ration between the two commodities is expressed in terms of their opportunity cost, The concept of opportunity costs has been illustrated in international trade theory with production possibility curves.

ASSUMPTIONS

Haberler makes the following assumptions for this theory

1. There are only two countries, say A and B
2. Each country possesses two factors of production , labour and capital
3. Each country can produce two commodities, say X and Y
4. There is perfect competition in both the factor and commodity markets
5. The price of each commodity equals its marginal money costs
6. The price of each factor equals its marginal value productivity in each employment.
7. The supply of each factor is fixed
8. There is full employment in each country
9. There is no change in technology
10. Factors are immobile between the two countries
11. Factors are completely mobile within countries
12. Trade between the two countries is completely free and unrestricted.

5. Explain THE HECKSCHER-OHLIN THEORY.

The H.O. theory states that the main determinant of the patterns of production, specialisation and trade among regions is the relative availability of factor endowments and factor prices. Regions or countries have different factor endowments and factor prises. ''Some countries have much capital, others have much labour. The theory now says that countries that are rich in capital will export capital-intensive goods and countries that have much labour will export labour –intensive goods. "To Ohlin, the immediate cause of international trade always is that some commodities can be bought more cheaply form other regions , whereas in the same region their production is possible at high prices, Thus *the main cause of trade between regions is the difference in prices of commodities based on relative factor endowments and factor prices.*

ITS ASSUMPTIONS

Before analysing the theory in detail, we discuss below its assumption

1. It is a two-by-two-by-two model, i.e., there are two countries (A and B), two commodities (X and Y), and two factors of production (capital and labour)
2. There is perfect competition in commodity as well as factor markets
3. There is full employment of resources

4. There are quantitative difference in factor endowments in different regions, but qualitatively they are homogeneous
5. The production function of the two commodities have different factor intensities, i.e.., labour intensive and capital –intensive.
6. The production functions are different for different commodities, but are the same for each commodity in both countries. It means that the production function of commodity X is different from commodity Y. But the technique used to produce commodity X in both countries is the same, and the technique used to produce commodity Y in both countries is the same.
7. Factor intensities are non-reversible
8. There is perfect mobility of factors within each region but internationally they are immobile.
9. There are no transport costs.
10. There is free and unrestricted trade between the two countries
11. There are constant return to scale in the production for each commodity in each region
12. Tasted and preferences of consumers and their demand patterns are identical in both countries
13. There is no change in technological knowledge.
14. There is incomplete specialisation. Neither country specialises in the production of one commodity.

6. What is dumping?

meaning

Haberler defines dumping as. “The sale of goods abroad at a price which is lower than the selling price of the same goods at the same time and in the same circumstances at home, taking account of difference in transport costs.

7. what are the types of dumping?

1. Sporadic or Intermittent Dumping
2. Persistent Dumping
3. Predatory Dumping

8. What are the objective of dumping?

1. The Find a Place in the Foreign Market

2. To Sell Surplus Commodity
3. Expansion of Industry
4. New Trade Relations

9. What is exchange control?

Meaning

Exchange control is one of the important devices to control international trade and payments. It aims at equilibrating foreign receipts and payments, not through such market forces or flexible exchange rates but through direct and indirect control of foreign exchange. Thus exchange control means that all foreign receipts and payments in the form of foreign currencies are called controlled by the government. Prof. Haberler defines exchange control as "State regulation excluding the free play of economic forces from the foreign exchange market".

10. What are the features of exchange control?

The exchange control system has the following main features:

1. It involves complete government control over the foreign exchange market.
2. All foreign currencies required to be surrendered to the central bank.
3. The central bank sanctions and allocates all foreign payments in respect of different currencies.
4. The central bank fixes the official exchange rate.
5. It regulates demand and supply so as to maintain the official exchange rates.
6. There is regulation of currency to be supplied to importers.
7. Exporters are required to surrender foreign currencies to the central bank.
8. Only specified banks and licensed dealers can deal in foreign exchange.
9. The central bank acts as a discriminating monopolist by charging low rates of exchange for the purchase of essential imports and high rates for purchasing luxury imports.

11.What are the objectives of exchange control?

1. Over-Valuation.
2. Under-Valuation.
3. Stabilisation of Exchange Rates.
4. Presentation of Capital Flight.

5. Protection of Domestic Industries.
6. Checking Non-essential Imports.
7. Help to the Planning Process.
8. Remedying Unfavourable Balance of Payments.
9. Earning Revenue.
10. Repaying Foreign Debt.
11. Retaliation.

12.What are the methods of exchange control?

Direct methods

1. Intervention.
2. Exchange Restriction.
   (a) Allocation According to Priorities.
   (b) Multiple Exchange Rates.
   (c) Blocked Accounts.
3. Exchange Clearing Agreements.
4. Payments Agreements.

INDIRECT METHODS

1. Quantitative Restrictions.
2. Exports Bounties.
3. Raising Interest Rates.

13.What is balance of payments?

Meaning

The balance of payments of a country is a systematic record of all its economic transactions with the outside world in a given year. It is a statistical record of the character and dimensions of the country's economic relationship of the world. According to Bo Sodersten,"The balance payments is merely a way of listing receipts and payments in international transactions for a country." B.J. Cohen says," It shows the country's trading position, changes in its net position as foreign lender or borrower, and changes in its official reserve holding."

14.Explain the structure of balance of payments account.

Table 1. Balance of Payment Account

Credits (+) (Receipts)	Debits (-) (Payments)
	1. Current Account
Exports	Imports
(a) Goods	(a) Goods
(b) Services	(b) Services
(c) Transfer Payments	(C) Transfer Payments
	2. Capital Account
(a) Borrowing from CountriesForeign Countries	(a) Lending to Foreign
(b) Direct Investments by Foreign Countries	(b) Direct Investments in Foreign Countries
	3. Official Settlement Account
(a) Increase in Foreign Official Holdings	(a) Increase in official Reserve of Gold and Foreign Currencies
	Errors and Omissions

15.What is the difference between balance of trade and balance of payments?

The balance of payment of a country is a systematic record of its receipts and payments in international transactions in a given year. Each transaction is entered on the credit and debit side of the balance sheet (see Table 1). The principal items on the credit sale are: (1) Visible exports which relate to the goods exported for which the country receives payments. (2) Invisible exports which refer to the rendered by the country to other countries. Such services consist of banking, insurance, shipping, and other services rendered in the form technical know- how, etc., money spend by tourists and students visiting the country for travel and education, etc. (3) Transfer receipts in the form of gifts received from foreigners. (4) Borrowings from abroad and investments by foreigners in the country. (5) The official's sale of reserve assets including gold to foreign countries and international institutions.

The principal items on the debit side are: (1) Visible import relating to goods imported for which the countries makes payments to foreign countries. (2) Invisible imports in the form of payments made by the home country for services rendered by foreign countries. This include all items referred to under (2) in the above para. (3) Transfer payments to foreigners in the form of gifts, etc. (4) Loans to foreign countries, investments by residents in foreign countries, and debt repayments to foreign countries. (5) Official purchase of reserve assets or gold foreign countries and international institutions.

If the total receipts from foreigners on the credit side exceed the total payments to foreigners on the debit side, the balance of payment is said to be favourable. On the other hand, if the total payments to foreigners exceed the total receipts from foreigners, the balance of payments is unfavourable.

The balance of tradeis the differences between value of goods and services exported and Imported. In contains the first two items of the balance of payments account on the credit and the debit side. This is known as “balance of payment on current account”.

16.what are the causes of disequilibrium?

1. Temporary Changes (or Disequilibrium)
2. Fundamental this Disequilibrium
3. Structural Changes (or Disequilibrium)
4. Changes in Exchange Rates
5. Cyclical Fluctuations (or Disequilibrium)
6. Changes in National Income
7. Price Changes
8. Stage of Economic Development
9. Capital Movements
10. Political Conditions

17.what are the measures to correct deficit in balance of payments

1. ADJUSTMENT THROUGH EXCHANGE DEPRECIATION (PRICE EFFECT)
2. DEVALUTION OR EXPENDITURE-SWITCHING POLICY
3. DIRECT CONTROLS

4. ADJUSTMENT THROUGH CAPITAL MOVEMENTS
5. ADJUSTMENT THROUGH INCOME CHANGES
6. STIMULATION OF EXPORTS AND IMPROTS SUBTITUTES
7. EXPENDITURE- REDUCING POLICIES

18. what is the meaning of foreign exchange ?

The foreign exchange rate or exchange rate is the rate at which one currency is exchange for another. It is the price of one currency in terms of another currency. It is customary to define the exchange rate as the price of one unit of the foreign currency in terms of the domestic currency. The exchange rate between the dollar and the pound refers to the number of dollars required to purchase a pound.

19. what are the factors of determination of equilibrium exchange rate?

1. THE DEMAND FOR FOREIGN EXCHANGE
2. THE SUPPLY OF FOREIGN EXCHANGE
3. EQUILIBRIUM EXCHANGE RATE

20. what is equilibrium exchange rate ?

Given the demand and supply curves of foreign exchange, the equilibrium exchange rate is determined where DD, the demand curve for pounds intersects SS, the supply curve of pounds. They cut each other at point E in figure 1.

21. What are the theories of foreign exchange rate ?

1. THE MINT PARITY THEORY : DETERMINATION UNDER GOLD STANDARD
2. THE PURCHASE POWER PARITY THEORY

22. what are the causes of changes in the exchange rate?

1. Changes in Prices
2. Changes in Interest Rates
3. Changes in Exports and Imports
4. Capital Movements

5. Influence of Banks
6. Changes in Bank Rate
7. Influence of Speculation
8. Stock Exchange Influences
9. Structural Influences
10. Political Conditions
11. Polices of Exchange Control and Protection
12. Type of Economy

23. what is foreign exchange rates ?

Under fixed pegged exchange rates all exchange transactions take place at an exchange rate that determined by the monetary authority.

CASE FOR FIXED EXCHANGE RATES

1. Based on Common Currency
2. Encourage Long Term Capital Flows
3. No Fear of Currency Fluctuations
4. No Adverse Effect of Speculation
5. Disciplinary
6. Best for Small Countries
7. Less Inflationary
8. Certainty
9. Suitable for Common Currency Areas
10. Promotes Money and Capital Markets
11. Multilateral Trade
12. International Monetary Co-operation

24. What is flexible exchange rates ?

Flexible, floating or fluctuating exchange rates are determined by market forces. The monetary authority does not intervene for the purpose of influencing the exchange rate. Under a regime of freely fluctuating exchange rates, if there is an excess supply of a currency, the value of that currency in foreign exchange markets will fall. It will lead to depreciation of the exchange rate. Consequently, equilibrium will be restored in the exchange market. On the other hand, shortage of a currency will lead to appreciation of exchange rate thereby leading to restoration of equilibrium in the exchange market. These market forces operate automatically without any intervention on the part of monetary authority.

CASEFORFLEXIBLE EXCHANGE RATES

1. Simple Operation
2. Smoother Adjustment
3. Autonomy of Economic Polices
4. Disequilibrium in the Balance of Payments Automatically Corrected
5. No Need for Foreign Exchange Reserve
6. Removes Problem of International Liquidity
7. No Need of Borrowings and Lending Short-term Funds
8. Effective Monetary Policy
9. Mistake Avoided
10. Does not Require Complicated Trade Restriction
11. No Need of Forming Custom unions and Currency Areas
12. Economical
13. Promotes International Trade
14. Insulation from International Economic Events
15. Comparative Advantage

CASE AGAINST FLEXIBLE EXCHANGE RATES

1. Malallocation of Resources
2. Official Intervention
3. No Justification
4. Exchange Risk and Uncertainty
5. Adverse Effect of Speculation
6. Encouragement to Inflation
7. Breaks the World Market
8. Failure to solve Balance of Payments Deficit of LDCs

25. what is euro-dollars market?

Meaning

The Euro-dollars is the largest market in the international monetary system. It has been playing a central role in international finance.

Euro-dollar is not a different currency from the US dollar. But it is the American dollar which stands deposited with banks, known as Eurobanks (European banks), outside the United States. Quite often, they are deposited with a bank in London, or in Paris, Frankfurt, Amsterdam or Zurich. The term Euro-dollar market is now a misnomer because quite a large number of US dollars have accumulated in banks outside Europe such as in Japan, Canada, Hongkong, Singapore, and other countries. Moreover, Eurobanks have also been dealing in other currencies, such as the British sterling, German marks, Swiss francs, Dutch guilders, etc.So it is no longer a Euro-dollar market but a Euro-Currency market.

Origin and growth

1. Flow of US Aid
2. Cold War
3. Decline in the Importance of Sterling
4. Regulation-Q
5. Other US Measures
6. BOP Deficits in US
7. Petro-dollars
8. Innovative Banking

26. What are the features of euro-dollar market ?

1. International Market
2. Independent Market
3. Wholesale Market
4. Competitive Market
5. Short-Term Market
6. Inter-Bank Market

27. what is international monetary fund (IMF)

ORIGIN OF IMF

The International Monetary Fund (IMF), also called the Fund , is an international monetary institution established by 44 nations under the Bretton Woods Agreement of July 1944.

28. What are the objectives of the fund?

1.To promote international monetary co-operation through a permanent institution which provides the machinery for consumption and collaboration in international monetary problems.

2.To facilitate the expansion and balanced growth of international trade.

3.To promote exchage stability,to maintain orderly exchange arrangements among members, and to avoid competitive exchage depreciation.

4.To assist in the establishment of a multilateral system of payments .

5.To lend confidence to membersby making the Fund's resouorces available to them.

6.In accordence with the above,to shorten the duration and lesson the degree of disequilibrium in the international balance of payments of members.s

29. What are the functions of the international monetary fund?

1.The IMF operates in such a way as to fulfil its objectives as laid down in the Bretton Woods Artical of Agreement.

2.The fund gives short-term loans to its members so that they may correct their temporary balance of payments disequilibrium.

3.The fund is regarded "as the guardian of good conduct" in the sphere of balance of payments.

4.The fund also renders technical advice to its members.

5.It conducts reserch studies and publishes them in IMF staff papers, Financing and Development , etc.

6.It provides technical experts to member countries having BOP difficulties and other problems.

30. STATE THE WORKING OF THE IMF.

1.FINANCIAL RESOURCES

2. FUND BORROWINGS

3.FUND LENDING

4.EXCHAGE RATES

5. OTHER FACILLILTIES

ITS CRITICISM

1.Fund Conditionalities.

2.High Interest Rates.

3.Secondary Role.

4.Lack Of Resources.

5.Failure to Maintain Exachange Rate Stability.

6.Failure to Eliminate Foreign Exchange Restrictions.

7.Discriminatory Politics.

8.Responsibilities for Ancient Crisis

30. what are the functions of IBRD.

1.To assist in the reconstruction and developement of territories of members.

2.To promote private foreign investment by means of guarentees on participation in loans and other investment.

3.To promte the long-range balanced growth of international trade and the maintainance of equilibrium in the balance of payments.

4.To arrange the loans made or guarenteed by it in relation to international loans.

MEMBERSHIP

The members of International Monetary Fund are the members of the IBRD.It had 182 members in 2000.

ORGANISATION

The President of the World Bank Group (IBRD ,IDA,and IFC)is elected by the banks executive directors whose number is 21 . Of these ,5 are appointed by the five largest shareholder of the World Bank.They are the US, UK, Germany, France and Japan. The remaing 16 are elected by the Board of Governers.There are also Alternate Directors.

FUNDING STRATEGY

The first is to ensure the availabity of funds to the bank.

The third objective is to control valatility in net income and overall loan charges.

The fourthobjective of the funding strategy is to provide an appropriate degree of maturity transformation.

The Bank borrows from the following sources;

The IBRD is a corporate institution whose capital is subscribed by its members .

The Bank also borrows under the Discount-Note Programe.

The IBRD has evolved two new borrowings instrument.

BANK LENDING ACTIVITIES

The Bank lends to member countries in any of the following ways:

(1)by marketing or participating in loans out of its own funds;

(2)by making or participating in direct loans out of funds raised in the market of a member or otherwise borrowed by the Bank ;

(3)by guarenteeing in whole or in part loans made by private investors through the usual investment channels.

Structural Adjustment Facility (SAF)

Enhanced Structural Adjustment Facility(ESAF)

Special Action Programme (SAP)S

31. What is the International Developement Association (IDA)

The International Development Association (IDA) is the ‘’ soft loan window” of the IBRD which was established in september 1960.

32. What are the objectives of IDA?

1.To promote assistance for poverty alleiation to the world’s poorest countries.

2.To provide concessional financial assistance and macroeconomic management services to the poorest countries so as to raise their standard of living.

ITS MEMBERSHIP

The membership of the IDA is open to all members of the world bank. In June 2001 , it had 182 members.

ITS ORGANISATION

The organisation of the IDA is that of the World Bank.

ITS FINANCIAL RESOURCES

The resources of the IDA include the initial subcriptions from members, general replenishments from its more industrialised members, transfers from the net earnings of the World Bank .

33. Explain the functions and organisation of International Finance Corporation (IFC)

The International Finance Corporatiion (IFC) is the private sector arm of the World Bank family which was established in July 1956.

ITS MEMBERSHIP

The Articles of Agreement of the IFC are similar to that of the World Bank . A country has to be a member of the World Bank in order to join the IFC . In June 2001, it had 182 members.

ITS OBJECTIVES

(1)in association with private investors,

(2)seek to bring together investment opportunities , domestic and foreign private capital, and experienced management;and

(3)seek to stimulate , and to help create conditions conducive to the flow of private capital,domestic and foreign, into productive investment in member countries.

ITS ORGANISATION

The IFC is an affiliate of the World Bank but it is separate from the World Bank, except for the fact that only a member of the World Bank can be its members.

34. Discuss the UN conference of trade and development (UNCTAD)

ORIGIN

The United Nations Conference on Trade and Development (UNCTAD) was established in 1964.

ORGANISATION

The UNCTAD is a permanent organ of the UN General Assembly with its headquaters at Geneva.

1.Conference.

2.Secretariat.

3. Trade and Development Board.

4.Executive Commitee.

5.Standing Committee.

6.Divisions.

35. What are the functions of UNCTAD?

1.To promote international trade between countries with different socio-economic systems,especially for accelerating the economic dvelopment of LDCs.

2.To formulate principles and policies of international trade and relates- problems of economic development.

3.To make proposals for putting the said priciples and policieas into effect, and to take such steps which may be relevent towards the end.

4.To avoid as a centre for harmonious trade related development policies of government , and regional economic groupings.

36. What are the objectives and achievements of UNCTAD?

1.TRADE IN PRIMARY COMMODITIES

2.TRADE IN MANUFACTURED GOODS (GSP)

3.DEVELOPMENT FINANCE.

4.TECHNOLOGY TRANSFER

5.ECONOMIC COOPERATION AMONG LDCs

6.NEW ISSUES

37. Explain the functions and organisation of ADB.

ORIGIN

During the 1950s,it was strongly felt that there should be a bank for Asia like the World Bank to meet the development needs of this region.

ITS OBJETIVES

1.To public and private investment for economic development in the ECAFE regipon.

2.To utilise the available resources for financing of economic development.

3.To help the regional members in the coordination of their plans and policies for economic developmentto enable them to acheive a better utilisation of their resources.

4.To provide technical assistance for the preparation,financing and implementation of projects and programmes for economic development,including the formulation of specific projeccts.

5.To co-operate with the United Nations and its organs and subsidiaries,including,in particular, the ECAFE and other international instttitution and organisation and national entities in the investment of development funds in the region.

6.To ndertake all such activities and provide such services which may fulfil theabove objectives.

ITS MANAGEMENT

The ADB is managed by a President, Vice-President, and a Board of Governers along with an administrative staff.

ITS FINANCIAL RESOURCES

The Bank started its operations with an authorised capital of $2.9 billion which was raised to $25 billion in 1992.

ITS FUNCTIONS

FINANCIAL ASSISTANCE

TECHNIAL ASSISTANCE

SURVEYS AND RESERCH

POVERTY REDUCTION

38. What is WTO?

The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business.

39. What are the objectives of WTO?

The WTO has the following key objectives: (1) to set and enforce rules for international trade, (2) to provide a forum for negotiating and monitoring further trade liberalization, (3) to resolve trade disputes, (4) to increase the transparency of decision-making processes, (5) to cooperate with other major international economic institutions involved in global economic management, and (6) to help developing countries benefit fully from the global trading system. Although shared by the GATT, in practice these goals have been pursued more comprehensively by the WTO. For example, whereas the GATT focused almost exclusively on goods—though much of agriculture and textiles were excluded—the WTO encompasses all goods, services, and intellectual property, as well as some investment policies. In addition, the permanent WTO Secretariat, which replaced the interim GATT Secretariat, has strengthened and formalized mechanisms for reviewing trade policies and settling disputes. Because many more products are covered under the WTO than under the GATT and because the number of member countries and the extent of their participation has grown steadily—the combined share of international trade of WTO members now exceeds 90 percent of the global total—open access to markets has increased substantially.

39. Discuss the features of TRIPS.

The **Agreement on Trade-Related Aspects of Intellectual Property Rights** (**TRIPS**) is an international legal agreement between all the member nations of the World Trade Organization (WTO). It sets down minimum standards for the regulation by national governments of many forms of intellectual property (IP) as applied to nationals of other WTO member nations.[3] TRIPS was negotiated at the end of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) in 1994 and is administered by the WTO.

The TRIPS agreement introduced intellectual property law into the international trading system for the first time and remains the most comprehensive international agreement on intellectual property to date. In 2001, developing countries, concerned that developed countries were insisting on an overly narrow reading of TRIPS, initiated a round of talks that resulted in the Doha Declaration. The Doha declaration is a WTO statement that clarifies the scope of TRIPS, stating for example that TRIPS can and should be interpreted in light of the goal "to promote access to medicines for all."

Specifically, TRIPS requires WTO members to provide copyright rights, covering content producers including performers, producers of sound recordings and broadcasting organizations; geographical indications, including appellations of origin; industrial designs; integrated circuit layout-designs; patents; new plant varieties; trademarks; trade dress; and undisclosed or confidential information. TRIPS also specifies enforcement procedures, remedies, and dispute resolution procedures. Protection and enforcement of all intellectual property rights shall meet the objectives to contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.

40. Explain the TRIMs.

The **Agreement on Trade-Related Investment Measures** (**TRIMs**) are rules that apply to the domestic regulations a country applies to foreign investors, often as part of an industrial policy. The agreement, concluded in 1994, was negotiated under the WTO's predecessor, the General Agreement on Tariffs and Trade (GATT), and came into force in 1995. The agreement was agreed upon by all members of the World Trade Organization. Trade-Related Investment Measures is one of the four principal legal agreements of the WTO trade treaty.

TRIMs are rules that restrict preference of domestic firms and thereby enable international firms to operate more easily within foreign markets. Policies such as local content requirements and trade balancing rules that have traditionally been used to both promote the interests of domestic industries and combat restrictive business practices are now banned.

41. What is trade liberalization?

Trade liberalization is the removal or reduction of restrictions or barriers on the free exchange of goods between nations. This includes the removal or reduction of tariff obstacles, such as duties and surcharges, and nontariff obstacles, such as licensing rules, quotas and other requirements.