



KISII UNIVERSITY
UNIVERSITY EXAMINATIONS

FOURTH YEAR EXAMINATION FOR THE AWARD OF
THE DEGREE OF BACHELOR OF LAWS
FIRST SEMESTER, 2023/2024
(AUGUST-DECEMBER, 2023)

LLBK 418: INTERNATIONAL ECONOMIC LAW

STREAM: Y4 S1

TIME: 2 HOURS

DAY: TUESDAY, 9:00 – 11:00 AM

DATE: 21/11/2023

INSTRUCTIONS

- 1. Do not write anything on this question paper.**
- 2. Answer Question ONE (COMPULSORY) and any other TWO questions.**
- 3. Illustrate your answer with relevant cases and statutory provisions where applicable.**

QUESTION ONE

The World Trade Organization calls for elimination of trade barriers among the member state. It requires that like products must be treated alike, however, the practical consequence has been how to identify the like products. It is required that geographically; products must not be discriminated based on their origin at the customs union. On the other hand, like locally produced goods should be treated equally with the like imported goods in the local market. Different products attract different rate of tax. The like products should attract the same rate of tax. The problem is said to be identifying the like product that is whether a shirt is same as blouse or not, so that if the are declared to be the same, a similar rate of tax should be applied, however, if they are deemed different, a different tax rate shall apply.

- a) Discuss the technique of identifying the like products under WTO
(10 Marks)
- b) Discuss the application of National Treatment Principle on the like products.
(10 Marks)
- c) Discuss the statement that treating like products from developed and developing countries alike is in it discriminatory.
(10 Marks)

QUESTION TWO

Adam Smith came up with the theory of Comparative advantage which states that a country will specialize in the production of the products it can produce cheaply compared to its neighbor and leave out the one it will consider expensive to produce. This is acknowledged will read to economies of scale as it will enable a country to produce goods at large volume and hence will resort to huge returns from sale of products world wide resorting to wide market and huge profit.

- a) Discuss the application of the concept of economies of scale *vis a vis* comparative advantage. **(10 Marks)**
- b) Discuss the application of the concept of foreign policy and strategic trade and how it may infringe upon the concept of Most Favoured Nation Principle. **(10 Marks)**

QUESTION THREE

Article i and iii of GATT prohibits any form of discrimination. However, it is said that multinationals have been able to find ways of going round this prohibition through what has come to be known as disguised discrimination. There are various form of disguised discrimination which when applied tend to discriminate the products of developing countries *vis a vis* developing countries.

- a) Discuss how this disguised discrimination is used to suppress products and production from developing countries. **(10 Marks)**
- b) Discuss various ways that the WTO can be reformed to overcome this form of disguised discrimination. **(10 Marks)**

QUESTION FOUR

The management of World Bank and IMF is done by directors appointed by member countries. The voting method is weighted voting based on the ownership or the shares each country has. The more shares a countries have the more votes. USA has most shares and hence most votes. France, Germany, Britain, Japan have more shares, while in Africa, countries like Kenya has very few shares. The more shares country has, the more in contribute to the funding of IMF and World Bank. Africa countries have been fighting for the reform of the voting method at these organizations so that if it would be possible, they want one country one vote procedure to be adopted.

- a) Discuss the possibility of having a one nation one vote in IMF/World Bank. **(10 Marks)**

- b) Discuss the importance of having the IMF and World Bank in the world economies. **(10 Marks)**

QUESTION FIVE

The IMF is an international organization that lends money to maintain balance of payment equilibrium. The World Bank on the Other hand is used to lend money for infrastructural projects. Both IMF and World Bank lends to government and not individual. For lending money to the individuals, International Finance Corporation was founded to be lending money to people and companies. However, in spite of existence of IMF, countries, like Kenya continue to face currency fluctuation due to lack balance of payment equilibrium. On the other, hand, governments still borrows from Asian countries such as China for infrastructural project in spite of existence of World Bank as lender for infrastructural project.

- a) Explain the unpopularity of World Bank as lender to developing countries. **(5 Marks)**
- b) Explain three reform areas for the World Bank for it to be seen as taking interest of developing countries. **(6 Marks)**
- c) Explain how the IMF helps to maintain balance of payment equilibrium **(4 Marks)**
- d) Discuss the rationale of conditions issued by IMF and World Bank before they give a loan. **(5 Marks)**