

Important Note: All of the following questions must be answered in English. Otherwise no grade will be given. (所有題目請以英文作答；中文作答不予計分)

Question 1 (50%)

Country A implemented a series of industrial development policies with the aim to boost renewable energy product manufacturing, including solar panels. In its accession to the WTO, Country A promised to faithfully abide by WTO rules and principles. In recent years, with the growth of the solar industry in Country A, many countries felt strong competitive pressures and started to initiate trade remedies. Country B also concurrently applies countervailing duties and safeguard measures against Country A's exports.

(1) In the countervailing duty investigation, Country B targeted two companies, T-tech and C-tech. Country B found that both companies purchased a majority of their polysilicon as an input to produce solar panels from the company, Sunny. According to the available information, Sunny is a domestic producer of the polysilicon inputs, which is majority owned by the Ministry of Industrial Development of the Country A. Its board of directors is appointed by the Ministry, but with each appointee exercising his or her independent professional judgement for the company. Sunny is run mainly on a commercial basis, but occasionally will decide its business having regard to the strategic policy priorities that the country identifies. Since 2016, Sunny provided polysilicon inputs to T-tech and C-tech with less than adequate remuneration, which has assisted the two companies massively expand export sales in many markets. Please analyze the issues under the *SCM Agreement*. (25%)

(2) In 2018, Country B additionally applied safeguard measures against Country A. Safeguard measures include 30% tariff to be imposed on imported solar panels and modules in the first year, with the tariffs lowering to 10% by the fourth year. The main reasons for Country B to apply safeguard measures include: First, the previous countervailing duty measures on Country A's imports were proven with limited effectiveness. Second, the subsequent building of the vast overcapacity in Country A following the implementation of industrial development policy ultimately resulted in the increased imports of solar panels, causing serious injury to the domestic industry. Therefore, Country B was entitled to rely on a presumption that Country A would abide by its trade obligations under the WTO and not engage in the "unexpected" and "unforeseen" practice associated with its industrial

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development policy. Please analyze the issues under the *Safeguard Agreement*.
(25%)

Question 2 (50%)

Please describe the dispute settlement mechanism under the WTO, including the following aspects:

- (1) What is the key agreement for WTO Members to rely on to resolve their disputes under the WTO? (5%)
- (2) What are the various ways/alternatives to resolve disputes within the framework of the WTO? (5%)
- (3) What are the relations among these alternatives? (5%)
- (4) What are the relations between the dispute settlement mechanism of the WTO and those under various free trade agreements? (5%)
- (5) What is the role/function of the Appellate Body? (10%)
- (6) What is the role/function of the Dispute Settlement Body? (10%)
- (7) Can you describe the current crisis concerning the operation of the Appellate Body? (10%)

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