

AmCham Conference: Dialogue on WTO Dispute Settlement

Strategic Engagement – Maximizing Egypt's Potential

Cost-Benefit Analysis:

Business Strategy ... or *'Why Does This Matter?'*

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Cost-Benefit Analysis: Business Strategy

Overview:

- 1- Why do International Trade Rules Matter in the First Place?**
- 2- What are Examples of Legal Cost-Benefit Analyses for Firms?**
- 3- What are the Implications for Business Strategies?**

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(1) Why Do International Trade Rules Matter in the First Place?

International trade rules *do* matter for Egyptian firms, because:

- (1) They establish a predictable operating environment for business
- (2) They offer both *opportunities* AND *threats* to businesses
- (3) They impact businesses even if they do not import or export

As such, any thorough business strategy should take into consideration international trade rules frameworks, as well as what is construed as “breaking” the rules.

The Dispute Settlement System is about enforcing the “rules”.

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(2) What are Examples of Legal Cost-Benefit Analyses for Firms?

Ignorance of International Trade Rules can be Threats to a Firm:

- (1) Anti-Dumping Duties or Countervailing Duties on a Firm's Exports**
- (2) The Application of Sanitary or Phytosanitary Standards**
- (3) A Failure to Comprehend the Advantages and Disadvantages of Different Preferential Trade Schemes and Rules of Origin**
- (4) Others (IPRs, RBPs, etc.)**

In an environment of overlapping trade rules and jurisdictions, "not knowing the rules" can adversely impact revenue streams and market share.

(3) What are Examples of Legal Cost-Benefit Analyses for Firms?

Example of Business Strategies and Options in an Anti-Dumping case:

- (1) Anti-Dumping Investigators from a trading partner country send a Questionnaire to an Egyptian Firm:**
 - (a) What are the Implications of not Responding?**
 - (b) What are the Implications of Responding?**
 - (c) What are the Implications of Partially Responding?**
 - (d) What are the Implications of Responding after a Deadline?**

(4) What are Examples of Legal Cost-Benefit Analyses for Firms?

Example of Business Strategies and Options in an Anti-Dumping case:

- (2) Anti-Dumping Investigators from a trading partner country wish to conduct a Verification (site) visit to an Egyptian Firm:**
 - (a) What are the Implications of not Cooperating?**
 - (b) What are the Implications of Cooperating?**
 - (c) What are the Implications of not having Proper Records?**

(5) What are Examples of Legal Cost-Benefit Analyses for Firms?

Example of Business Strategies and Options in an Anti-Dumping case:

(3) Which is Better under Anti-Dumping Proceedings ... ?

- (a) An Anti-Dumping Duty Against an Egyptian Export?**
- (b) A Price Undertaking on an Egyptian Export?**
- (c) A Quantitative Undertaking on an Egyptian Export?**

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(7) What are the Implications for Business Strategies?

Egyptian Businesses should consider the past, using the anti-Dumping Example:

(A) 1990s: Anti-Dumping Duties on Textile Exports from Egypt to the EC

- (1) Mainly Law 203 Public Sector Companies**
- (2) Poor Record-Keeping Practices**
- (3) A Failure to Fully Comprehend WTO Rules, or EC Rules**
- (4) Egyptian firms lost considerable market share**
- (5) In the end, the WTO found the rules to be administratively incorrect in application**
- (6) Egypt did not test pursuing a Judicial Review ...**

(8) What are the Implications for Business Strategies?

WTO Law and Business Strategy for Egyptian Firms:

- (1) Leverage trade rules as a part of Business Strategy**
- (2) Recognize the importance of training key staff in understanding the most basic elements of global trade rules**
 - (a) To benefit from Preferential Trade Agreements**
 - (b) To defend against Remedies and Safeguards**
- (3) To become an active player *vis-à-vis* government and to Lobby as an informed player for trade-related interests**

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End of Presentation

End