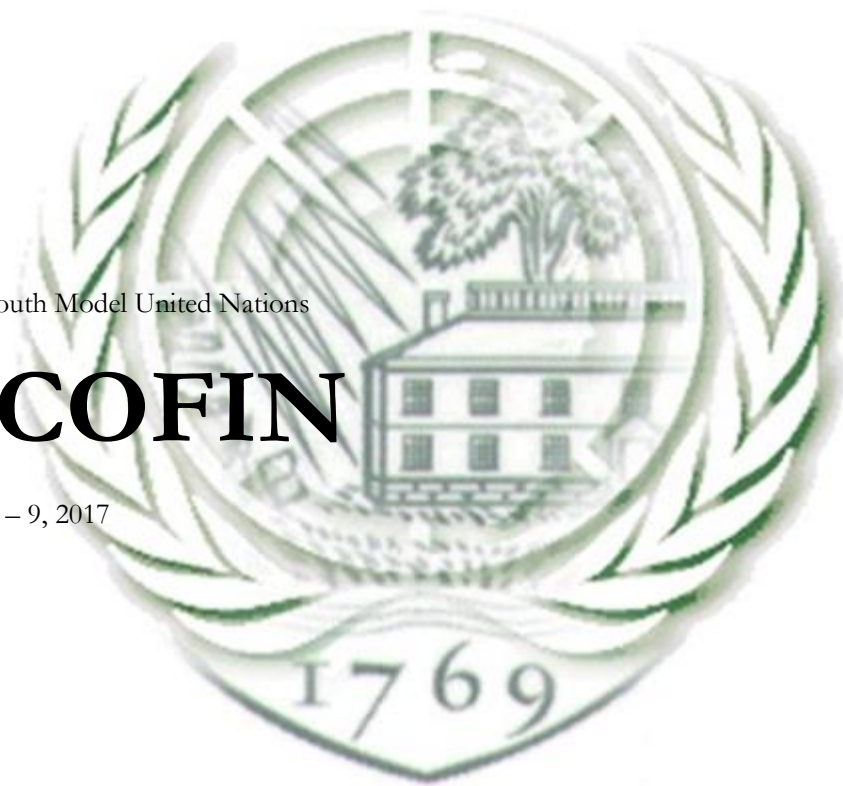


Dartmouth Model United Nations

ECOFIN

April 7 – 9, 2017





DARTMOUTH MODEL UNITED NATIONS CONFERENCE

Twelfth Annual Conference • April 7 - 9, 2017

Dartmouth College • Rockefeller Center • Hanover, NH 03755

E-mail: dartmun@dartmouth.edu • DartmouthMUN.com

January 11, 2017

William Tremml

Secretary-General

Emily Choate

Director-General

Bill Kosmidis

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Jessica Campinile

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Clayton Jacques

*Undersecretary-General of
General Assemblies*

Makisa Bronson

*Undersecretary-General of
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Scott Okuno

*Undersecretary-General of
Current Crisis Committees*

Lauren Bishop

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Zainab Molani

*Director of
Public Relations*

Michelle Wang

*Director of
Technology*

Eva Wang

*Director of
Finances*

Dear Delegates:

On behalf of the entire Dartmouth Model United Nations staff, I would like to welcome and thank you for registering for the twelfth annual Dartmouth Model United Nations conference this April 2017. We have been working relentlessly since the end of last year's conference to provide a better and more worthwhile Model U.N. experience for this winter's delegates. We are optimistic about this winter's conference and Dartmouth Model U.N.'s future.

DartMUN is a unique conference. We pair world-class delegations and staff members in smaller, more-interactive environments to facilitate an enriching experience for delegates of all skill levels. We believe DartMUN's active, small committees ensure delegates feel comfortable immersing themselves in a competitive but supportive environment that encourages trial by error and participation. Furthermore, DartMUN's well-trained staff is excited to work with your delegates this winter in committee to equip the next generation of college students with the skills to tackle complex global problems.

With this said, Model United Nations is only meaningful when delegates are thoroughly prepared. To aid in your research preparation, your committee staff has spent hours researching, writing, and editing this Background Guide. The Background Guide serves as an introduction to your respective committee and an overview of the topics that you will be debating over the course of the conference.

The Background Guide is intended to be a starting point for your research and is not, in itself, an adequate exposure to the complexities of your committee's topics. To be prepared, each delegate should do further research and focus on processing information through the lens of their respective country or position. If you are having trouble digesting all the information, the Background Guide contains relevant discussion questions that break down the topics. Also, as questions or ideas arise, do not be shy in contacting your committee staff via e-mail. Committee staff are knowledgeable and can help you better understand a particular topic or how your country fits into a larger international debate. More often than not, discussing the problem with another person can open up more paradigms and viewpoints that may guide you throughout the brainstorming process.

As in years past, all delegates are expected to write a brief position paper before the conference to synthesize all of their preparatory research and analysis. Please see the position paper guidelines on the conference website for specific information about content, format, etc. Committee staff will collect position papers at the beginning of the first committee session on Friday evening, so be sure to bring a hard copy because delegates who do not submit position papers will not be eligible for awards.

Sincerely,

William Tremml

Secretary-General

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January 18, 2017

Dear Delegates:

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Welcome to the twelfth installment of DartMUN and this year's Economic and Financial Committee (ECOFIN)! I cannot wait to meet all of you in Hanover in a few short months. We have selected some interesting topics for this year's conference, and I look forward to the scintillating debates I hope to hear from you all. These topics are very relevant in today's world, and I'm excited to see all the solutions that you all come up with. I'm hoping that you will learn new things and make new friends while having a great deal of fun.

My name is Nishanth Chalasani, and I will be the director of ECOFIN this year. As the committee director for ECOFIN, I will be guiding you all through the weekend, and hopefully making it one to remember. In addition to facilitating debate and enforcing rules of parliamentary procedure, I'll be there to answer any questions you may have and help the committee in any fashion. As far as my background, I from Orlando, Florida, and I am currently a freshman at Dartmouth. I plan on being a Government major and minoring in either Neuroscience or Biology. As a freshman, this will also be my first DartMUN conference. However, I was a member of my high school's MUN club the last four years, serving as the Secretary-General of the club my senior year of high school, and attending MUN conferences in Montreal, Chicago, and Saint Petersburg, Russia.

Working with me on this committee is the magnificent Brandon Nye, our Assistant Director. This is Brandon's first introduction to MUN although he was captain of his Congressional Debate team in high school. Brandon is from Chicago, Illinois and also a freshman. He is planning to major in Economics with a minor in Public Policy.

In order to help you prepare for the upcoming conference and committee sessions, Brandon and I have created this background guide to function as basic research and knowledge that would benefit you regarding the committee's topics. This year's topics for ECOFIN are "Reducing Economic Barriers for Alternative Energy Use in Developing Nations" and "Issues with World Trade." Keep in mind that this background guide should serve as a starting point for your research into these topics. This means that we expect you to complete further research on both the topics in order to be adequately prepared for debate. Furthermore, be sure to focus on processing any information through the perspective of the country that you are representing. If you have any questions or anything at all, do not hesitate to contact Brandon (Brandon.N.Nye.20@dartmouth.edu) or myself (Nishanth.Chalasani.20@dartmouth.edu).

Once again, welcome to DartMUN XII! I am excited to discuss these pertinent topics and issues with you all. I look forward to meeting you all in the spring and having a great conference!

Sincerely,

Nishanth Chalasani
ECOFIN Committee Director



Reducing Economic Barriers for Alternative Energy Use in Developing Nations

What is ECOFIN?

ECOFIN is a branch of the United Nation's General Assembly and is also known as the Second Committee of the General Assembly. As with other General Assemblies, ECOFIN is comprised of delegates from all UN member nations. ECOFIN primarily deals with issues that affect the economic and financial sectors of the world economy such as the energy industry. In dealing with economic and financial sectors, it is imperative to stress that ECOFIN does not have the power to mandate any sort of changes. Rather, ECOFIN is able to recommend or suggest guidelines for member nations so as not to impede on any nation's sovereignty.

History of Hydrocarbon Use and the Hydrocarbon industry

Fossil fuels, whose main component are hydrocarbons, are a major part of the world's economy and energy consumption. The oil industry alone accounts for forty percent of the world's energy mix¹. The hydrocarbon industry is involved in various industries such as transport, agriculture, business, and residential, which makes it a major part of the global economy.

As a result, the fossil fuel industry is a huge economic component of many countries, specifically developing countries that are members of the Organization of Petroleum Exporting Countries (OPEC). These countries are rich in natural resources that are exploited for use in the hydrocarbon economy. OPEC has a total of fourteen member nations, which are Algeria, Angola, Ecuador, Gabon, Indonesia, Iraq, Iran, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela². These countries are especially important because of how much the fossil fuel industry contributes to each nation's total gross domestic product (GDP). For example, the export value of petroleum for Kuwait is about \$48.8 million, and the total GDP for the country is \$120.7 million as of 2015³. In this case, exportation of a fossil fuel accounts for roughly 40.4% percent of the country's economy.

On the other hand, developed nations account for a significant amount of fossil fuel consumption in order to support their industrialized infrastructure. For example, countries such as the United States, Germany, and France imported 344, 89, and 54 metric tons of crude oil, respectively, in the year 2014⁴. Attention on the hydrocarbon industry has increased over the last couple of years with the lowering of gas prices and the emphasis on

¹ Rahman, Maizer "Oil and gas : the engine of the world economy." *Organization of the Petroleum Exporting Countries (OPEC)*, 11 Nov. 2004

² "Member Countries." *opec.org*, OPEC.

³ "Kuwait facts and figures." *opec.org*, OPEC.

⁴ "Key World Energy Statistics." *iea.org*, International Energy Agency.



expanding alternative energy use. This is important for the committee because both oil producers and oil consumers are heavily involved in this topic.

The Alternative Energy Industry

In 2014, the United Nations began the “United Nations Decade of Sustainable Energy for All” in an effort to decrease dependency on non-renewable energy sources, primarily hydrocarbons⁵. With this effort, the United Nations, including ECOFIN, hopes to expand the alternative energy industry in both developed and developing countries.

There are several reasons why the United Nations is trying to cut down on the use of hydrocarbons around the globe including the limited supply of fossil fuels, climate change, and air pollution⁶. Current estimates have gas supplies lasting 200 years longer, which has prompted analysts to recommend finding alternatives immediately to conserve the limited supply⁷. The gas created from the burning of fossil fuels has contributed to the “greenhouse effect,” which is a climate changing process whereby solar radiation is trapped near the ground, warming the globe in the process; furthermore, the concentration of carbon dioxide in the air has increased at an alarming rate with carbon concentration in the

air expected to reach 560 parts of carbon dioxide per million parts of air by volume by the middle or end of the next century, compared to 340 parts in 1980⁸. The release of carbon dioxide into the atmosphere through the burning of fossil fuels also contributes to air pollution, which if it reaches critical levels can lead to respiratory problems and possibly be fatal.

In response to these pressing concerns regarding the use of fossil fuels, the United Nations started the “United Nations Decade of Sustainable Energy for All.” The purpose of this initiative is to reduce waste and pollution in addition to more efficient energy use and accessibility. The environmental reason behind this push for cleaner energy is the aforementioned climate change; the economic reasoning behind this program is providing economic growth by enabling businesses to grow, generating new jobs, and creating new markets⁹.

Some alternative energy sources include are hydropower, wind power, solar energy, and biofuel. The abundance or feasibility of each type of alternative energy depends on the resources available in each nation in addition to location. For example, in regions where water is scarce, it isn’t feasible to develop a prosperous hydropower industry. In this case, solar power could better meet that region’s future energy needs. Because a country’s

⁵ “Sustainable Development Report of the Second Committee.” *un.org*, United Nations, 10 Dec. 2014

⁶ “Our Common Future, Chapter 7: Energy: Choices for Environment and Development.” *un-documents.net*, United Nations.

⁷ *Ibid.*

⁸ *Ibid.*

⁹ “Sustainable Energy For All.” *un.org*, United Nations.



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renewable energy needs and resources vary based on region, member states represented in ECOFIN should keep in mind which renewable energy sources are beneficial to their country and how they can apply those sources to create a global solution in committee.

Another dimension of the alternative energy industry is its prevalence in different regions of the world. The majority of alternative energy sources and the industry as a whole is concentrated in developed nations where laws are being enacted like the Clean Air and Water Acts in the United States to promote the use of alternative energy sources and wean off of hydrocarbon dependency. Although these laws are concerned with environmental issues and quality of life, it also has economic consequences such as businesses having to invest capital into making sure that their products comply with federal regulations. Other examples of countries utilizing alternative energy sources are France's use of nuclear power and Canada's use of hydroelectric dams.

Current Status of the Problem

The main reason that most of the alternative energy industry is concentrated in developed member nations is because of economic barriers that prevent developing nations from developing a viable, renewable energy sector especially since oil and fossil fuels are often much easier to obtain. Oil and fossil fuels are often easier to obtain are that

countries still have existing provisions that provide subsidies for the production of fossil fuels, which makes renewable energy production costlier and therefore harder to implement when compared to conventional fossil fuel technologies¹⁰. Furthermore, with the increasing price of obtaining fossil fuels, it is more imperative that developing and developed nations expand the alternative energy sector of their respective economies¹¹.

Most of the economic barriers that exist for developing nations in the alternative energy sector results from lack of funding. Funding is very important because not only does it allow for the jumpstarting of businesses in that sector, but also funding allows for research into maximizing the efficiency of alternative energy resources in addition to proper implementation¹². This is key because without proper research and development sustaining an alternative energy industry would be difficult and nearly impossible. Another problem that developing nations deal with trying to create a burgeoning alternative resource industry is competing with the huge energy conglomerates that already exist in some developed nations. This is important primarily because the creation of a sustainable industry in this field would add new revenue streams including being eligible for carbon credits but would be difficult when the majority of this revenue

¹⁰ "Financing renewable energy in developing countries." *unepfi.org*, UNEP Financial Initiative, Feb. 2012.

¹¹ Ibid.

¹² Ibid.



stream is already controlled by only a handful of large businesses¹³.

Above all, the biggest barrier is that no level playing field exists in terms of profitability between renewable technologies and conventional fossil fuel options, which dissuades any government from using funding to change the status quo¹⁴. This means that governments won't greatly benefit, in terms of economic growth and profitability, for providing funding to public sector research projects and tapping alternative energy sources. The main vehicle that developing countries can use to overcome this barrier is opening up the alternative energy market to businesses in the private sector. Private sector funding would have the potential to offset the government funds that would otherwise need to be used. In order to obtain private sector funding, governments in developing nations would need to provide businesses easy market and grid access on a competitive basis¹⁵. ECOFIN has passed resolutions attempting to address some of the issues with alternative energy production; however, success is limited primarily because the committee cannot take definitive actions. They can only recommend changes and suggestions. One such document is UN Resolution A/C.2/67/L.52. The resolution provides suggestions for increased production of alternative energies including the following excerpt:

¹³ "Financing renewable energy in developing countries." *unepfi.org*, UNEP Financial Initiative, Feb. 2012.

¹⁴ *Ibid.*

¹⁵ *Ibid.*

"Calls for action to achieve economic viability of new and renewable sources of energy through enhanced research and development support along with appropriate policy initiatives and investments at the national and international levels, with Governments working in collaboration with relevant stakeholders, including the private sector"¹⁶

This resolution also calls for governments to obtain funding in order to promote the production of alternative energy resources.

Despite the barriers that exist for developing nations, alternative energy industries and projects are occurring in certain developing nations in Africa and among small island nations. One example of a project is African Clean Energy Corridor (ACEC). The ACEC is aimed at expanding the portion of the energy supply from alternative energy sources in Africa from the current twelve percent to at forty percent by the year 2030¹⁷. This example also exemplifies the potential economic benefit of expanding alternative energy use in developing nations. As the chairperson of the African Union, Mrs. Nkosazana Clarice Dlamini-Zuma, states:

"Africa's surging economic growth can be fueled by an

¹⁶ "Draft Resolution A/C.2/67/L.52." *un.org*, United Nations, 3 Dec. 2012.

¹⁷ "Extensive Renewable Energy Projects in Africa and Small Island Developing States to Cut CO2 Emissions, Improve Energy Access." *un.org*, United Nations, 23 Sept. 2014.



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energy mix that emphasizes the development of its vast renewable energy resources.

Low-carbon economic development powered by renewable energy can help meet the challenge that climate change presents all while improving the livelihoods and economic wellbeing of people all over the Africa”¹⁸.

Similar the ACEC, the Small Island Developing States Lighthouse Initiative lends a framework for transforming their current energy structure to include a greater share of alternative energy¹⁹. Moreover, partnerships will allow the initiative to raise around \$500 million to cover the costs of this change towards increase alternative energy consumption. This demonstrates the ability to overcome a general lack of funding in order to fully increase alternative energy use in developing nations.

Furthermore, with the increased emphasis on increasing shares of alternative energy, the number of renewable energy policies increased six-fold from previous years in 2014²⁰. This increase in policies highlights the fact that the problem with the alternative energy market is understanding how to best

increase the current pace, especially in developing nations²¹.

Questions to Consider

- 1) Considering that lack of government funding is an issue, what incentives can be offered to induce governments to provide funding or subsidies to grow the alternative energy market?
- 2) Should member nations be focused on investing money and funding into developing new alternative energy technologies through research and development, or should they focus on implementing current technologies?
- 3) What kind of provisions could be enacted or recommended in order to support small businesses in alternative energy against the competition from huge, existing energy conglomerates?
- 4) How can developing countries learn, improve, and implement policies such as those achieved by the ACEC or the Small Island Developing States Lighthouse Initiative?
- 5) What kinds of solutions could be thought of to relieve the economic strain of reducing fossil fuel production in oil-rich countries like Saudi Arabia?

¹⁸ “Extensive Renewable Energy Projects in Africa and Small Island Developing States to Cut CO2 Emissions, Improve Energy Access.” *un.org*, United Nations, 23 Sept. 2014.

¹⁹ *Ibid*.

²⁰ “Developing nations’ policies push renewable energy capacity to record high, says UN-backed report.” *un.org*, UN News Centre, 3 June 2014.

²¹ *Ibid*.



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ISSUES WITH WORLD TRADE

History of the World Trade

Organization

In the years following the end of the Second World War, the Allied powers dedicated themselves to promoting lasting post-war peace. Initiatives like the Bretton Woods Conference, which established the International Monetary Fund and the World Bank, reflected the Allies' commitment to crafting new economic systems to achieve that goal. The United States and the United Kingdom were convinced that free trade and greater economic interconnectivity would foster more globalized cooperation as well as greater economic stability. One of the most significant multinational commercial agreements to come out of this decade was the General Agreement on Tariffs and Trade.²²

The General Agreement on Tariffs and Trade was the first multilateral treaty establishing reduced tariff policies and proper trade practices. This agreement continued to evolve until the Uruguay Round of trade negotiations came to a close in 1994. The Round led to the adoption of the "Final Act," an agreement that covers a broad range of negotiated areas. It most notably contains various binding commitments made by individual nations to reduce or eliminate specific tariffs and other barriers to trade. This agreement resulted in the formation of the World Trade Organization (WTO). The WTO affords a Ministerial Conference, which oversees all multilateral trade agreements. The General Council then acts as a dispute settlement body as well as a trade policy

²² "A Brief History of World Trade since 1945." *Warwick Commission on Multilateral Trade*, Warwick, 1 May 2007.

review mechanism. Membership in the WTO requires accepting all the provisions of the Uruguay Round encouraging liberalization of trade policy.²³

Problems with the WTO

Although a useful multinational apparatus, the WTO is not without failures and criticisms. One of the WTO's main critics is Martin Khor, the Executive Director of the South Centre (an intergovernmental organization of developing nations that does independent research on policies that promote the interest of developing nations).²⁴ Khor argues that the WTO has not held all nations to impartial standards. He believes developed nations have not been living up to their commitments and that the WTO has not done a good enough job protecting the interests of developing nations. He also claims that recent negotiations at the Doha Rounds signal a shift away from the original aims of promoting growth in less developed nations. From his perspective, developed nations are looking to gain free access to developing economies' markets to the detriment of those economies' agricultural, industrial, and service sectors.²⁵

Tariff Rates

The first major grievance concerning the WTO deals with the fact that developed nations have been able to maintain high tariffs and strict quotas despite what was agreed to in the Uruguay Rounds. The protectionist policies of developed nations persist while developing nations are forced to decrease their tariff policies. In 2007 (the year the Uruguay Round commitments were due to be

²³ "A Summary of the Final Act of the Uruguay Round." *wto.org*, World Trade Organization.

²⁴ "About the South Centre." *southcentre.int*, South Centre.

²⁵ Khor, Martin. "The WTO's Doha Negotiations and Impasse: A Development Perspective." *twm.ny*, Third World Network, 2007.



implemented), the simple average of tariff rates of 5 developing countries were: Angola 59.2%, Cambodia 19%, Nepal 26%, Niger 44.3%, and Haiti 18.7%. Meanwhile, the average rates for 5 G20 nations were: Argentina 31.9%, Brazil 31.4%, India 50.2%, Mexico 36.1%, and Turkey 28.3%.²⁶ Furthermore, “since 2008, according to the WTO, G20 economies have introduced 1,583 new trade restricting measures and removed just 387. Between mid-October of 2015 and mid-May of this year they introduced 145 new protectionist measures — a monthly average of just under 21, the worst seen since the WTO began monitoring G20 economies in 2009.”²⁷

Meanwhile, negotiations have forced African countries to eliminate tariffs on up to 90% of their trade with EU nations.²⁸ The tariff rates and protections of wealthy, productive economies make it difficult for other countries to access those markets. Developing nations are seeking opportunities for economic growth. Without broader markets in which to sell their goods, developing nations will have neither the incentive nor the capital to spur innovation. On the other hand, developed nations tend to have greater labor protections and higher wages. When a business’s cost of production is higher, the prices of goods will also be higher. As a result, developed nations believe it is in their best interest to raise tariff rates and level the playing field with respect to the prices of goods. This general assembly should discuss what levels of tariffs are fair and who has the right to levy such tariffs.

²⁶ “World Tariff Profiles 2008.” *wto.org*, World Trade Organization and International Trade Center, 2008.

²⁷ Donnan, Shawn. “WTO warns on rise of protectionist measures by G20 economies.” *The Financial Times*, 21 June 2016.

²⁸ Walker, Aurelie. “The WTO has failed developing nations.” *Guardian News*, 14 Nov. 2011.

Anti-Dumping

The next concern deals specifically with one of the WTO’s policies, set out in the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade*. The WTO “Anti-Dumping Agreement” has led to problems for a lot of developing nations. Dumping is defined as a product being “introduced into the commerce of another country at less than its normal value, if the export price of the product exported from one country to another is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country.” Economists are generally split on this issue. On the one hand, anti-dumping measures inhibit the effective allocation of goods throughout the global economy. On the other, dumping allows a country with an excess supply of a good to undercut another nation’s domestic prices and put a strain on that nation’s domestic businesses. This could lead to a whole host of economic consequences from increased unemployment to rapid deflation.

Between 1995 and 2006, 11 out of the top 16 countries for initiating anti-dumping investigations were developing countries. The initiations brought on by those countries accounted for 53% of all initiations during that period. Clearly, in the first twelve years of the WTO, developing nations were the main users of anti-dumping measures.²⁹ However, in 2008, developing nations were the target of 78% of all anti-dumping investigations. “Exporters in developing countries were the subject of 147 anti-dumping investigations in 2008 – 45% more than the 101 investigations directed against them in

²⁹ Yilmaz, Muslum. “Trends in the Use of Anti-Dumping Measures During the First Twelve Years of the World Trade Organization.” *mfa.gov.tr*.



2007. In addition, 92 of the 120 new measures in 2008 were applied to developing countries' exported products, compared with 78 of 100 new measures in 2007."³⁰ In recent years, there has been a shift in anti-dumping policy to the detriment of developing nations. The possible reason for this shift in dispute initiations will be discussed later, but the general assembly should consider how these anti-dumping policies affect both the distribution of a nation's goods and the ability for foreign businesses to compete.

Agricultural Subsidies

It is further to the detriment of many developing nations that agriculture, one of the most substantive forms of production in developing countries, has been protected in developed nations through artificial pricing. The WTO has set out goals for fairer agricultural markets; however, much of these policies have yet to be negotiated and implemented. Developed nations are taking advantage of the lack of regulatory treaties by subsidizing agricultural production. When wealthy nations have the revenue to subsidize their agricultural sectors, the cost of farming decreases, and thus the prices of food and other crops decrease. Meanwhile, nations with less revenue in the budget for agricultural subsidies find their farmers unable to compete with the artificially lower prices. The Fairtrade Foundation found that the \$47.68 billion in subsidies granted to EU, US, Chinese, and Indian cotton producers from 2001 to 2010 created barriers for some 15 million West African cotton farmers.³¹ Data from the same report showed that

“eliminating these subsidies would boost West African cotton prices by 12.9% - and that translates into an annual loss of \$250m a year to farmers in Mali, Benin, Burkina Faso and Chad.”³² Other reports show similar levels of subsidies but only a 10% effect on cotton prices.³³

These subsidy policies put thousands of independent or mid-size farmers in less wealthy nations out of business thereby increasing unemployment and decreasing the standard of living in those nations. Moreover, the increase in unemployment and the decrease in production decrease the GDP of those nations. This is most concerning for those nations for which the agricultural sector makes up a large percentage of GDP. With lower GDP, a less wealthy nation has less revenue with which to enact its own protectionist subsidies. There may be some developing nations, however, with less agricultural land and greater dependence on cheap imports of foodstuffs. For these nations, agricultural subsidies are economically beneficial. Again, wealthy nations and nations in multinational bodies such as the EU will argue that they are subject to more environmental protections and chemical regulations that increase the cost of farming in their countries. To their minds, subsidies are necessary. Subsidy policies generally benefit larger corporate farming, so another question to consider is: *is social welfare maximized when large corporate farming entities succeed or when many smaller, independent farmers succeed?*

³⁰ Bown, Chad P. “Protectionism Is on the Rise: Antidumping Import Investigations.” *Brookings Institution*, 5 Mar. 2009.

³¹ Walker, Aurelie. “The WTO has failed developing nations.” *Guardian News*, 14 Nov. 2011.

³² Bunting, Madeleine. “The Great Cotton Stitch-Up – Fairtrade Foundation lifts lid on Mali’s entrenched poverty.” *Guardian News*, 15 Nov. 2010.

³³ Nivet, Anne-Sophie, and Aurelie Walker. “The great cotton stitch-up.” *Bridges News*, International Centre for Trade and Sustainable Development, 11 Dec. 2010.



Intellectual Property Rights

Another consequential debate over global economic trade-offs centers around intellectual property rights. WTO member nations have yet to negotiate and define clear guidelines for how intellectual property can be shared and distributed cheaply throughout the developing world. The World Intellectual Property Organization (WIPO), an agency recognized by the UN, is charged with taking action in accordance with the treaties and protections administered by it. Such actions concern both protecting intellectual property rights and disseminating technological innovations to the developing world. The main deficiency of the WIPO is its reliance on formally established treaties and agreements. No specifically defined, globally accepted standards have yet been formulated for balancing patent and intellectual property rights with technological distribution for economic and cultural development.

There are two realms of business for which this policy matters most: pharmaceuticals and industry. Pharmaceutical companies notably have long periods of intellectual and patent protections over their drugs. Economically, this policy is essential because a lot of money goes into research and development of new drugs. If pharmacies were to introduce generic brands into the market immediately, pharmaceutical companies would lose the profit margins necessary to continue developing more drugs. It is also a reality that many new drugs, such as HIV and AIDS drugs, can have enormously positive economic and cultural impacts on communities ravaged by such diseases, but these communities and their citizens often cannot afford the high prices. Efforts have been made to negotiate agreements in which new drugs can be exported cheaply or reproduced

cheaply for developing nations, particularly those with at-risk populations.

Similarly, manufacturing in developing nations quickly falls behind when new innovations are patented in wealthy countries (with higher human and financial capital) and not made available or easily reproducible. Technological innovation would increase the economic growth of developing nations and make their industry more competitive with wealthier nations. In the interest of public health and productive economic growth across the world, UN members ought to come to a resolution on the balance between intellectual property rights and fair technological distribution.

Barriers for Legal Disputes

Despite all these alleged disadvantages for various developing nations, the WTO does provide a mechanism for countries to dispute various tariff and non-tariff barriers and for mediation between member nations; however, this concept has again drawn some criticism. “On the surface, the existence of a formal legal mechanism through which one can challenge other governments’ protectionist barriers should foster greater equality among members. On the other hand, it could be difficult for developing countries to effectively utilize this legal mechanism due to greater sensitivity to retaliation, a lack of technical expertise, and the overall costs of challenging a foreign trade barrier.”³⁴ Research about dispute initiations, predominantly focused on anti-dumping and other non-tariff barriers, shows that a wide range of countries initiate suits against a wide range of offenders over a wide range of products. However, the research from a number of studies

³⁴ Allee, Todd. “Developing Countries and the Initiation of GATT/WTO Disputes.” *Political Economy of International Organizations*, Feb. 2008.



also indicates that developing countries initiate disputes at a lower rate. In order to enforce globally accepted trade policies, it might be useful for General Assembly members to establish a mediation entity that does not discourage developing nations from filing violation claims.

Current State of Negotiations

The increasing dissatisfaction with the practices and fairness of the WTO led to the commencement of a new round of negotiations, the Doha Round or the “development round.” As the unofficial name implies, the new round of negotiations is particularly focused on economic development, especially in less wealthy nations. The stated mission of this round is to reform the international trading system to improve trading prospects in developing nations.³⁵ Such issues initially up for negotiation were unfair trade barriers, agriculture, and international intellectual property laws.

Negotiations broke down in 2006 for two major reasons. First, various major WTO members, Australia, Brazil, the EU, India, Japan, and the US, failed to compromise among themselves on various negotiating frameworks. Second, it became clear that the goal of some of the wealthier, developed nations was to open the markets of developing nations both in agriculture and manufacturing. Such open markets would make it nearly impossible for domestic manufacturing and farm businesses in those countries to compete. Development leaders like Khor have criticized the newest round of negotiations for that reason.³⁶ Negotiations resumed in 2007 and have been in progress since.

Possible Solutions

It is the objective of this General Assembly to consider the above issues and draft a viable resolution in the interest of the general global economy and the various nations therein. Negotiations may be centered around tariff rates, non-tariff barriers such as anti-dumping measures, protection of agriculture in developed nations, intellectual property rights, inclusion of developing nations in trade disputes, pressures on developing nations to open their agricultural markets, etc. Delegates should also consider political, cultural, and humanitarian trade-offs to each of these issues.

The proposed resolution could perhaps recommend minimum and maximum average tariffs for various nations based on commercial or wealth indicators. The resolution could also call for penalties for developed nations that increase average tariff rates.

There are likewise many possible solutions to the anti-dumping debate. The number of exports that qualify for dumping investigations could be lowered, or the list of exports could be adjusted such that developing nations can dump raw materials, but developed nations cannot dump finished goods. Members could also suggest a ban on dumping for countries with various economic advantages.

This General Assembly could also negotiate adequate agricultural subsidy levels, subsidies on various products or by various countries, or minimum prices on agricultural products such that subsidies have no effect. It might also be in the interest of some nations to propose certain agricultural markets closed and others open in order to prevent low market prices from driving out domestic farmers.

³⁵ “The Doha Round.” *wto.org*, World Trade Organization.

³⁶ Khor, Martin. “The WTO’s Doha Negotiations and Impasse: A Development Perspective.” *twm.ny*, Third World Network, 2007.



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Intellectual property rights have significant financial consequences for pharmaceutical companies and entrepreneurs, but member nations can perhaps draft a resolution to allow the dissemination of various medical and technological advancements for the purposes of economic and cultural development.

Questions to Consider:

- 1) Who will benefit from and who will be harmed by freer trade? How can we make trade freer or make trade fairer?
- 2) Who deserves more protectionist rights? Do the potential harms to developing world economies outweigh the potential benefits to larger, industrialized nations?
- 3) What will be the effects on prices of various resolved actions?
- 4) How should society weigh lower agricultural prices (cheaper food for people) with the cost of subsidies or with the barriers to small-scale farming?
- 5) How should society weigh intellectual protections and the research of new drugs with the significant need of medicine and new technology in countries with poor populations and deficient industry?

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