



INDORE WORLD SUMMIT

Study Guide



WTO

AGENDA

The “Perfect Storm” created by Russia’s invasion of Ukraine and its consequences for developing countries

Letter from the Executive Board

We are very pleased to welcome you to the simulation of the World Trade Organisation at Indore World Summit 2022. It will be an honour to serve on your Executive Board for the duration of the conference. This Background Guide is designed to give you an insight into the case at hand. Please refer to it carefully. Remember, a thorough understanding of the problem is the first step to solving it.

However, bear in mind that this Background Guide is in no way exhaustive and is only meant to provide you with enough background information to establish a platform for beginning the research. Delegates are highly recommended to do a good amount of research beyond what is covered in the Guide. The guide cannot be used as proof during the committee proceedings under any circumstances.

Finally, we would like to wish you luck in your preparation. In case you have any questions, procedural or otherwise, please feel free to direct them to any member of the Executive Board and we will get back to you as soon as possible. Please do not hesitate to contact us with any queries or concerns. We expect all delegates to be well versed with the various nuances of the agenda, and geared up for an intense debate, deliberations and great fun. Do contact us with any queries that you may have.

Looking forward to meeting you at the conference!

Regards,

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Introduction

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 ensure that trade flows as smoothly, predictably and freely as possible.

What is the WTO?

Who we are

The WTO has many roles: it operates a global system of trade rules, it acts as a forum for negotiating trade agreements, it settles trade disputes between its members and it supports the needs of developing countries.

What we do

All major decisions are made by the WTO's member governments: either by ministers (who usually meet at least every two years) or by their ambassadors or delegates (who meet regularly in Geneva).

What we stand for

A number of simple, fundamental principles form the foundation of the multilateral trading system.

Overview

The primary purpose of the WTO is to open trade for the benefit of all.

Decision-making

Organization chart

The WTO's top decision-making body is the Ministerial Conference. Below this is the General Council and various other councils and committees.

Ministerial conferences

Ministerial conferences usually take place every two years.

General Council

The General Council is the top day-to-day decision-making body. It meets a number of times a year in Geneva.

Membership

Members and observers

The WTO has over 160 members representing 98 per cent of world trade. Over 20 countries are seeking to join the WTO.

Accessions

To join the WTO, a government has to bring its economic and trade policies in line with WTO rules and negotiate its terms of entry with the WTO membership.

WTO Secretariat

The WTO has approximately 650 staff on its regular budget.

Budget

The WTO derives most of the income for its annual budget from contributions by its members. These contributions are based on a formula that takes into ac-

count each member's share of international trade.

Director-General

Ngozi Okonjo-Iweala is the seventh Director-General of the WTO. She took office on 1 March 2021, becoming the first woman and the first African to serve as Director-General. Her term of office will expire on 31 August 2025.

History of the World Trade Organisation

Introduction

The WTO began life on 1 January 1995 but its trading system is half a century older. Since 1948, the General Agreement on Tariffs and Trade (GATT) had provided the rules for the system. Whereas GATT had mainly dealt with trade in goods, the WTO and its agreements now cover trade in services, and in traded inventions, creations and designs (intellectual property).

World Trade Organization (WTO), is an international organization established to supervise and liberalize world trade. The WTO is the successor to the General Agreement on Tariffs and Trade (GATT), which was created with 194 within the expectation that it would soon be replaced by a specialized agency of the United Nations (UN) to be called the International Trade Organization (ITO). Although the ITO never materialized, the GATT proved remarkably successful in liberalizing world trade over the next five decades. By the late 1980s, there were calls for a stronger multilateral organization to monitor trade and resolve trade disputes. Following the completion of the Uruguay Round (1986–94) of multilateral trade negotiations, the WTO began operations on January 1, 1995.

Origins

The ITO was initially envisaged, along with the International Monetary Fund (IMF) and the World Bank, as one of the key pillars of post-World War II reconstruction and economic development. In Havana in 1948, the UN Conference on Trade and Employment concluded a draft charter for the ITO, known as the Havana Charter, which would have created extensive rules governing trade, investment, services, and business and employment practices. However, the United States failed to ratify the agreement. Meanwhile, an agreement to phase out the use of import quotas and to reduce tariffs on merchandise trade, negotiated by 23 countries in Geneva in 1947, came into force as the GATT on January 1, 1948.

Although the GATT was expected to be provisional, it was the only major agreement governing international trade until the creation of the WTO. The GATT system evolved over 47 years to become a de facto global trade organization that eventually involved approximately 130 countries. Through various negotiating rounds, the GATT was extended or modified by numerous supplementary codes and arrangements, interpretations, waivers, reports by dispute-settlement panels, and decisions of its council.

During negotiations ending in 1994, the original GATT and all changes to it introduced before the Uruguay Round were renamed GATT 1947. This set of agreements was distinguished from GATT 1994, which comprises the modifications and clarifications negotiated during the Uruguay Round (referred to as “Understandings”) plus a dozen other multilateral agreements on merchandise trade. GATT 1994 became an integral part of the agreement that established the WTO. Other core components include the General Agreement on Trade in Services (GATS), which attempted to supervise and liberalize trade; the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which sought to improve the protection of intellectual property across borders; the Understanding on Rules and Procedures Governing the Settlement of Disputes, which established rules for resolving conflicts between members; the Trade Policy Review Mechanism, which documented national trade policies and assessed their conformity with WTO rules; and four plurilateral agreements, signed by only a subset of the WTO membership, on civil aircraft, government procurement, dairy products, and bovine meat (though the latter two were terminated at the end of 1997 with the creation of related WTO committees). These agreements were signed in Marrakech, Morocco, in April 1994, and, following their ratification, the contracting parties to the GATT treaty became charter members of the WTO. By the 2020s the WTO had more than 160 members.

The WTO has six 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.

Objectives and operation

The rules embodied in both the GATT and the WTO serve at least three purposes. First, they attempt to protect the interests of small and weak countries against discriminatory trade practices of large and powerful countries. The WTO's most-favoured-nation and national-treatment articles stipulate that each WTO member must grant equal market access to all other members and that both domestic and foreign suppliers must be treated equally. Second, the rules require members to limit trade only through tariffs and to provide market access not less favourable than that specified in their schedules (i.e., the commitments that they agreed to when they were granted WTO membership or subsequently). Third, the rules are designed to help governments resist lobbying efforts by domestic interest groups seeking special favours. Although some exceptions to the rules have been made, their presence and replication in the core WTO agreements were intended to ensure that the worst excesses would be avoided. By thus bringing greater certainty and predictability to international markets, it was thought, the WTO would enhance economic welfare and reduce political tensions.

Resolution of trade disputes

The GATT provided an avenue for resolving trade disputes, a role that was strengthened substantially under the WTO. Members are committed not to take unilateral action against other members. Instead, they are expected to seek recourse through the WTO's dispute-settlement system and to abide by its rules and findings. The procedures for dispute resolution under the GATT have been automated and greatly streamlined, and the timetable has been tightened.

Dispute resolution begins with bilateral consultations through the mediation, or "good offices," of the director-general. If this fails, an independent panel is created to hear the dispute. The panel submits a private draft report to the parties for comment, after which it may revise the report before releasing it to the full WTO membership. Unlike the IMF and the World Bank, both of which use weighted voting, each WTO member has only one vote. As in the earlier GATT system, however, most decisions are made by consensus. Unless one or both of the parties files a notice of appeal or the WTO members reject the report, it is automatically adopted and legally binding after 60 days. The process is supposed to be completed within nine months, and, if an appeal is lodged, the WTO Appellate Body hears and rules on any claim of legal error within 60 days. Appellate rulings are automatically adopted unless a consensus exists among members against doing so.

Trade-policy reviews

The WTO also seeks to increase awareness of the extent and effects of trade-distorting policies, a goal that it accomplishes through annual notification requirements and through a policy-review mechanism. Notices of all changes in members' trade and trade-related policies must be published and made accessible to their trading partners. For many developing countries and countries whose economies were formerly centrally planned, this requirement was a major step toward more transparent governance. The WTO reviews the trade policies of the world's four largest traders (the European Union, the United States, Japan, and China) once every two years, the policies of the 16 next largest traders once every four years, and the policies of all other traders once every six or more years. After extensive consultations with the member country under review, the WTO Secretariat publishes its review together with a companion report by the country's government. The process thus monitors the extent to which members are meeting their commitments and provides information on newly opened markets. It also provides a firmer basis for subsequent trade negotiations and the resolution of trade disputes.

Assessment

The pace of international economic integration via the GATT and WTO rounds of multilateral trade negotiations has been slower and less comprehensive than some members would prefer. Some have suggested that there should be additional integration among subgroups of (often neighbouring) member economies—e.g., those party to the European Union, the North American Free Trade Agreement (superseded by the United States-Mexico-Canada Agreement, signed in 2018) and the Asia-Pacific Economic Cooperation—for political, military, or other reasons. Notwithstanding the most-favoured-nation clauses in the agreements establishing the WTO, the organization does allow such preferential integration under certain conditions. Even though many such integration agreements arguably do not involve “substantially all trade”—the WTO’s main condition—there has been little conflict over the formation of free-trade areas and customs unions. The most common omissions from such agreements are politically sensitive sectors such as agriculture.

Beginning in the late 1990s, the WTO was the target of fierce criticism. Opponents of economic globalization (see antiglobalization), and in particular those opposed to the growing power of multinational corporations, argued that the WTO infringes upon national sovereignty and promotes the interests of large corporations at the expense of smaller local firms struggling to cope with import competition. Environmental and labour groups (especially those from wealthier countries) have claimed that trade liberalization leads to environmental damage and harms the interests of low-skilled unionized workers. Protests by these and other groups at WTO ministerial meetings—such as the 1999 demonstrations in Seattle, Washington, U.S., which involved approximately 50,000 people—became larger and more frequent, in part because the development of the Internet and social media made large-scale organizing and collective action easier. In response to such criticism, supporters of the WTO claimed that regulating trade is not an efficient way to protect the environment and labour rights. Meanwhile, some WTO members, especially developing countries, resisted attempts to adopt rules that would allow for sanctions against countries that failed to meet strict environmental and labour standards, arguing that they would amount to veiled protectionism.

Despite these criticisms, however, WTO admission remained attractive for nonmembers, as evidenced by the increase in the number of members after 1995. Most significantly, China entered the WTO in 2001 after years of accession negotiations. The

conditions for Chinese membership were in some ways more restrictive than those for developing countries, reflecting the concerns of some WTO members that the admission of such a large and still somewhat planned economy might have an overall negative effect on free trade.

Agenda:

The “Perfect Storm” created by Russia’s invasion of Ukraine and its consequences for developing countries.

Introduction:

Russia’s continued invasion of Ukraine is causing immense suffering and devastation there, but also creating a “perfect storm” which could devastate the economies of “many developing countries”, the UN chief warns.

Russia launched a full-scale attack from multiple directions on Ukraine on February 24, 2022, after several weeks of building up troops on the country’s border. Millions of Ukrainians fled the country and others took up arms against Russian soldiers, while NATO deployed troops to member states in the region.

U.S. President Joe Biden declared the attack “unprovoked and unjustified” and issued severe sanctions against top Kremlin officials, including Putin and Russian Foreign Minister Sergey Lavrov; four of Russia’s largest banks; and the Russian oil and gas industry in coordination with European allies.

Furthermore, the EU and US-allied countries introduced a series of sanctions.

On March 2, 141 of 193 UN member states voted to condemn Russia’s invasion in an emergency UN General Assembly session, demanding that Russia immediately withdraw from Ukraine.

The current conflict has severely strained U.S.-Russia relations and increased the

risk of a wider European conflict. Tensions are likely to increase between Russia and neighboring NATO member countries that would likely involve the United States, due to alliance security commitments.

The conflict will also have broader ramifications for future cooperation on critical issues like arms control; cybersecurity; nuclear nonproliferation; global economic stability; energy security; counterterrorism; and political solutions in Syria, Libya, and elsewhere. Additionally, Russia's increasing isolation has not only destabilized global energy and resource markets but also pushed the country to seek stronger strategic ties with those states (e.g., China) still willing to partner with it, largely in opposition to the West.

Since the invasion, prices for fossil fuels have risen dramatically, while the costs for food staples such as wheat are causing people in the Global South to suffer hunger.

The war has also compounded other global crises, with military operations and violence hindering the delivery and distribution of much-needed aid, including food, and exacerbating an already severe shortage of available global humanitarian assistance and resources.

Statement of the issue:

An UNCTAD rapid assessment of the war in Ukraine's impact on trade and development confirms a rapidly worsening outlook for the world economy, underpinned by rising food, fuel and fertilizer prices.

[The report](#) published on 16 March also shows heightened financial volatility, sustainable development divestment, complex global supply chain reconfigurations, and mounting trade costs.

"The war in Ukraine has a huge cost in human suffering and is sending shocks through the world economy," UNCTAD Secretary-General Rebeca Grynspan said in [a statement](#).

"All these shocks threaten the gains made towards recovery from the COVID-19 pandemic and block the path towards sustainable development."

The two fundamental 'Fs':

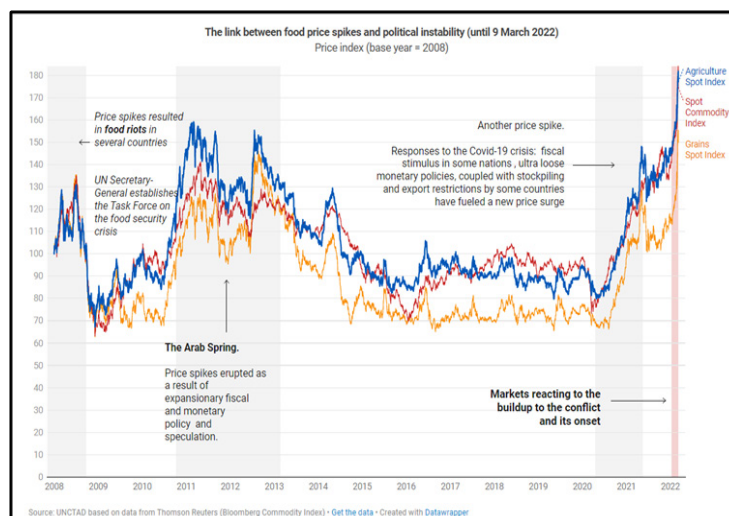
Concern abounds over the two fundamental “Fs” of commodity markets – food and fuels.

Ukraine and Russia are global players in agri-food markets, representing 53% of global trade in sunflower oil and seeds and 27% in wheat. This rapidly evolving situation is especially alarming for developing nations. As many as 25 African countries, including many least developed countries, import more than one third of their wheat from the two countries at war. For 15 of them, the share is over half.

“Soaring food and fuel prices will affect the most vulnerable in developing countries, putting pressure on the poorest households which spend the highest share of their income on food, resulting in hardship and hunger,” Ms. Grynspan said. According to UNCTAD calculations, on average, more than 5% of the poorest countries’ import basket is composed of the products that are likely to face a price hike due to the war. The share is below 1% for richer countries.

Risk of civil unrest

The risk of civil unrest, food shortages and inflation-induced recessions cannot be discounted, the report says, particularly given the fragile state of the global economy and the developing world due to the COVID-19 pandemic. “Long-standing effects of rising food prices are hard to predict,” the report says, “but an UNCTAD analysis of historical data sheds light on some troubling possible trends.” Agri-food commodity cycles, for example, have coincided with major political events, such as the 2007-2008 food riots and the 2011 Arab Spring.



Use the Source to explore the interactive graph: [Ukraine war's impact on trade and development | UNCTAD](#)

Freight rate hikes

Restrictive measures on airspace, contractor uncertainty and security concerns are complicating all trade routes going through Russia and Ukraine. The two countries are a key geographical component of the Eurasian Land Bridge. In 2021, 1.5 million containers of cargo were shipped by rail west from China to Europe. If the volumes currently going by container rail were added to the Asia-Europe ocean freight demand, this would mean a 5% to 8% increase in an already congested trade route.

“On top of this, already expensive and overstretched maritime trade will find it difficult to replace these suddenly unviable land and air routes,” the report says. “The impact of the war in Ukraine can be expected to lead to even higher freight rates.” Such increases, it says, would have a significant impact on economies and households. In 2021, UNCTAD simulated that the freight rate increase during the pandemic raised global consumer prices by 1.5%, “with particularly oversized effects in vulnerable economies such as small island developing states, landlocked developing states and least developed countries”.

History of Conflict

The crisis in Ukraine began with protests in the capital city of Kyiv in November 2013 against Ukrainian President Viktor Yanukovich's decision to reject a deal for greater economic integration with the European Union. After a violent crackdown by state security forces unintentionally drew an even greater number of protesters and escalated the conflict, President Yanukovich fled the country in February 2014.

In March 2014, Russian troops took control of Ukraine's Crimean region, before formally annexing the peninsula after Crimeans voted to join the Russian Federation in a disputed local referendum. Russian President Vladimir Putin cited the need to protect the rights of Russian citizens and Russian speakers in Crimea and southeast Ukraine. The crisis heightened ethnic divisions, and two months later pro-Russian separatists in the Donetsk and Luhansk regions of eastern Ukraine held a referendum to declare independence from Ukraine.

Violence in eastern Ukraine between Russian-backed separatist forces and the

Ukrainian military has by conservative estimates killed more than 10,300 people and injured nearly 24,000 since April 2014. Although Moscow has denied its involvement, Ukraine and NATO have reported the build-up of Russian troops and military equipment near Donetsk and Russian cross-border shelling.

In July 2014, the situation in Ukraine escalated into an international crisis and put the United States and the European Union (EU) at odds with Russia when a Malaysian Airlines flight was shot down over Ukrainian airspace, killing all 298 onboard. Dutch air accident investigators concluded in October 2015 that the plane had been downed by a Russian-built surface-to-air missile. In September 2016, investigators said that the missile system was provided by Russia, determining it was moved into eastern Ukraine and then back to Russian territory following the downing of the airplane.

Since February 2015, France, Germany, Russia, and Ukraine have attempted to broker a cessation in violence through the Minsk Accords. The agreement includes provisions for a cease-fire, withdrawal of heavy weaponry, and full Ukrainian government control throughout the conflict zone. However, efforts to reach a diplomatic settlement and satisfactory resolution have been unsuccessful.

In April 2016, NATO announced that the alliance would deploy four battalions to Eastern Europe, rotating troops through Estonia, Latvia, Lithuania, and Poland to deter possible future Russian aggression elsewhere in Europe, particularly in the Baltics. These battalions were joined by two U.S. Army tank brigades, deployed to Poland in September 2017 to further bolster the alliance's deterrence presence.

Security assistance to Ukraine increased further during the Donald Trump administration, alongside continued pressure on Russia over its involvement in eastern Ukraine. In January 2018, the United States imposed new sanctions on twenty-one individuals, including a number of Russian officials, and nine companies linked to the conflict. In March 2018, the State Department approved the sale of anti-tank weapons to Ukraine, the first sale of lethal weaponry since the conflict began. In October 2018, Ukraine joined the United States and seven other North Atlantic Treaty Organization (NATO) countries in a series of large-scale air exercises in western Ukraine. The exercises came after Russia held its annual military exercises in September 2018, the largest since the fall of the Soviet Union.

What is the eastern Ukraine conflict?

The conflict in eastern Ukraine began in April 2014 with low-level fighting between the Ukrainian military and Russian-backed separatist rebels who seized some towns in predominantly Russian-speaking eastern Ukraine. It has since escalated to outright-if-undeclared war between Russia and Ukraine.

Separatist rebels began popping up in eastern Ukraine shortly after Russia had invaded and annexed Crimea, where supposed Crimean separatists actually turned out to be unmarked Russian special forces. They seized towns like Sloviansk and Donetsk, in the eastern region known as Donbas, ostensibly in outrage against the protests that had toppled Ukraine's pro-Russia President Viktor Yanukovich, himself from that same eastern region.

That feeling of disenfranchisement among eastern Ukrainians is real, and the rebels likely do have some organic, local support. Still, the rebels were armed and supported by Russia's government. One of the most important rebel leaders, Igor "Strelkov" Girkin, is a Russian citizen and military veteran who retired from Russia's internal security services just weeks before he began leading the rebels, who are widely thought to include unmarked Russian special forces.

Thousands of Russian troops were massed on the border just across from the rebellion. For months, Ukraine did not move very aggressively against the rebels: Putin had not-so-subtle hinted that, if they did, he would blame the Ukrainian government for any deaths and invade to protect the Russian-speaking citizens of eastern Ukraine, whom he implicitly considers to be more Russian than Ukrainian. Everyone wanted to negotiate a peace deal.

Russia denies it is invading, but the evidence is overwhelming: on August 15, Ukraine said its military engaged Russian tanks crossing the border; on August 16, the leader of the Russian-backed rebels announced he had received 1,200 troops from Russia; on August 21, satellite imagery spotted Russian artillery crossing the border to fire at Ukrainian forces; on August 26, someone in Ukraine took a video of Russian tanks crashing through town, and so on.

Threats and impacts to global food security

Ukraine and the Russian Federation are among the world's breadbaskets. They provide around 30 per cent of the world's wheat and barley, one-fifth of its maize, and over half of its sunflower oil.

Together, neighbouring Belarus and the Russian Federation also export around a fifth of the world's fertilizers.

As a result, commodity prices are reaching record highs across the board. On the 8th of April 2022, the United Nations Food and Agriculture Organization (FAO) published its third consecutive record food price index. Food prices are 34% higher than this time last year and have never been this high since FAO started recording them.

Similarly, crude oil prices have increased by around 60%, and gas and fertilizer prices have more than doubled. Vulnerable populations in developing countries are particularly exposed to these price swings, as they dedicate a larger share of their income to food and energy. The world's poorest countries tend to be net food importers and export and import measures on trade can further exacerbate rising food prices.

At current price levels, FAO worst-case estimates of increases in undernourishment and food insecurity are also highly likely. In an environment of already high levels of socioeconomic stress due to the impacts of COVID-19, the rise in food prices threatens the knock-on effects of social unrest. A UNCTAD analysis of historical data reveals that, in general, civil unrest and increases in agri-food commodity prices are highly correlated.

Many countries are highly dependent on food imports from Russia and Ukraine. For example, more than half of wheat imports in Egypt, the Lebanese Republic and Tunisia come from Russia and Ukraine. Other countries are more dependent on imports of fuels from Russia, such as Finland (63 per cent) and Turkey (35 per cent).

For dozens of developing and least developed countries, millions of people are in

danger of hunger and malnutrition. There is a risk of cascading export restrictions that make food price increases worse, as happened in 2007- 2008, and then again in 2010-2011.

International trade cooperation can help mitigate risks of poverty, hunger and malnutrition, and possible socio-political unrest.

Russia and Ukraine are major suppliers only of rhodium and crude sunflower oil. This means that for other products over the medium-term alternative suppliers should be able to fill in gaps in the market caused by decreased supply from Russia and Ukraine. However, adaptation takes time, and short-term supply disruptions could force some countries to do without these products for a time or be forced to pay exorbitant prices. As mentioned above, an issue with alternative suppliers, especially for food items, is that Russia is also a major supplier of fertilizer, with potentially large ramifications for crop yields globally. In addition, the foreseeable substitution of other cereals for wheat drives up prices across the board, so farmers have less incentive to switch crops. For more processed goods, such as wire harnesses, it is easier to relocate production, since multinationals have plants outside the affected region that can increase production.

Impact of sanctions on Russia

Sanctions are already having a strong impact on Russia's economy, with possible medium to long-term consequences. Disconnecting Russian banks from the SWIFT settlement system and blocking Russia's use of foreign exchange reserves have triggered a sharp depreciation of the rouble, reducing real incomes in the country. Many international firms are also abandoning the Russian market.

Many international firms are retreating from the Russian market, while bans on trading in Russian sovereign debt have left the country isolated from international capital markets.

Costs versus Risks

It is rapidly becoming clear just how significant the spillover effects are of sanctions

against countries in the top stratum of the global economy. As sanctions remove Russian commodity exports from world markets, prices are driven higher, putting pressure on the import bills and constraining public finances of net-commodity-importing emerging markets and developing economies. Unsurprisingly, these are precisely the countries that have not joined the sanctions against Russia, since they are most at risk of a balance of payments crisis if sanctions on Russian exports are tightened over an extended period.

It is in the interest of the world population's well-being and the world economy's stability to take concerted action to counteract the spillovers of sanctions on Russia.

Several policy adjustments could help:

First, advanced economies could focus on long-term infrastructure investment to ease supply chain pressures, while emerging markets and developing economies could make income support a priority.

Second, advanced economy central banks could avoid rapidly tightening monetary policy to prevent capital flight from emerging markets.

Third, looming debt and balance of payments problems in developing economies can be tackled through debt restructuring and increases in their allotments of the IMF's Special Drawing Rights, a type of international reserve currency.

Fourth, humanitarian relief could be extended to distressed economies, especially in the form of food and medicine. Fifth, the world's major economic blocs could do more to organize their demand for food and energy to reduce price pressures caused by hoarding and competitive overbidding.

Manufacturing

Russia and Ukraine are also key providers of inputs into industrial value chains. Russia is one of the main suppliers globally of palladium and rhodium, key inputs in the production of catalytic converters in the automotive sector and the manufacture of semiconductors. Semiconductor production also depends to a substantial extent on neon supplied by Ukraine, which further provides several low-tech products to the European automobile value chain, such as wire harnesses. Prolonged disruptions in the

supply of these goods could harm the recovery of automobile manufacturing.

Russia is also a key producer of rhodium, meeting 7 per cent of global demand with high shares for Italy (34 per cent), the Republic of Korea (23 per cent) and Switzerland (20 per cent). Ukraine supplies more than 90 per cent of US semiconductor-grade neon, critical for lasers used in chipmaking (Yoon, 2022).

Trade disruptions and transport costs

The Russia-Ukraine war has created major implications for global transportation and shipping. Multimodal supply chain disruptions – ocean, rail, air, and freight across Europe have resulted in elevated global shipping costs. Closed airspaces, rerouting of trains, and port disruptions have caused severe disruptions in the global supply chain. The conflict has impacted exports due to major port disruptions at the Black Sea and Azov Sea, the global food supply chain and commodities have been impacted and the risk of a cyberattack on key shipping lines or infrastructure has increased.

The escalating tension in the Russia-Ukraine situation has many people wondering what will happen to the global shipping rates?

These Major geopolitical happenings are tragic and cost many human lives and also have an effect on the global economy which shipping is also a major part of it, this tension stems from the break-up of the Soviet Union in 1991, then in 2014, Russia annexed the Crimea denying Ukraine their largest port, Sevastopol in the process.

On February 25th, 2022, Russian forces entered Ukraine's capital, Kyiv. with these happening reports are emerging from merchants' vessels in the region suggesting at least three vessels in the Black Sea area off the coast of Odesa and Yuzhny have been impacted by shelling.

Russia-Ukraine supply to the world

Both Russia and Ukraine are major importers of wheat and corn which makes them major food suppliers globally besides that Russia provides around one-third of the natural gas to Europe and is considered a major player in the world energy sector. Russia and Ukraine are also leaders in the global production of metals like Nickel, Copper, and Iron. Besides that, essential Raw materials such as neon, palladium and platinum are also manufactured and exported on large scales around the world. These two countries also have had 668 billion dollars trade between each other, according to OEC Ukraine had 276 billion dollars exports to Russia, dated March 2021,

which were mostly Aluminium rolls Raw Iron bars, and hot-rolled Iron, etc. and Russia had 402 billion dollars exports to Ukraine dated DEC 2019 which were mostly Refined Petroleum, Iron Orem coal briquettes, etc. and now due to the current situation no longer will be done.

Major Imports of Ukraine

Imports The top imports of Ukraine are Refined Petroleum (\$4.3B), Cars (\$2.64B), Packaged Medicaments (\$1.84B), Coal Briquettes (\$1.76B), and Petroleum Gas (\$1.49B), importing mostly from China (\$7.36B), Russia (\$6.62B), Germany (\$5.33B), Poland (\$5.18B), and Belarus (\$4.14B). According to the OEC statistics, Some of the Major imports of Ukraine are Refined Petroleum (4.3 Billion Dollars), Cars (2.64 BD), Coal Briquettes (1.76 BD), and Petroleum Gas (1.49 BD,), the countries that Ukraine imports from are China (7.36 BD), Russia (6.62 BD), Germany (5.33BD), Poland (5.18BD), and Belarus (4.14BD). Needless to say, the current war affects the trading relationship and also the prices for all the countries and goods making it unstable and not a pleasant situation for exporters around the world.

Russia-Ukraine crisis effects on international transportation

After the Pandemic, Global transport already became severely disrupted, and now a war happening creates further problems for the logistics business. Since 2011, Rail freight has made links between China and Europe and recently 50 thousand one made the journey, while it doesn't contain all the freight between Asia and Europe, it has a very important role in the transportation of goods and had been growing steadily. With the current situation, trains are being routed away from Ukraine but fortunately, all the experts in the rail freight arena are optimistic that disruptions won't exceed and will be kept minimum, even though other countries like Lithuania should expect rail traffic to be affected by sanctions against Russia.

As of Sea freight situation, even before Russia officially attacked Ukraine, ship owners tried to avoid the Black Sea routes, and all the insurance companies made it their prior question to know whether such a voyage happens or not. Even though container shipping in the Black Sea is not very big compared to the global scale, Odesa is one of the largest container terminals, and with Russian forces cutting it off, the effect on Imports of Ukraine is quite a considerable following potentially drastic humanitarian consequences. With all this said Freight rates which had already increased a lot during the pandemic, could further rise.

PREPARING FOR A POST-WAR GLOBAL ECONOMY

A new World Bank report -- [*The Impact of the War in Ukraine on Global Trade and Investment*](#) -- shows that world trade will drop by one per cent, lowering global GDP by just under one per cent. Manufacturing exporters such as Vietnam, Thailand, and Mexico see a sharp decline, especially in energy-intensive sectors. Net exporters of crops, including Turkey, Brazil, and India, and of fossil fuels, such as Nigeria and countries in the Middle East, see a surge in their exports, attenuating the negative effects of the war. The economic shock waves are moving through five channels: commodity markets, logistics networks, supply chains, foreign direct investment (FDI), and sectors such as tourism.

The war comes at a difficult moment for the world economy. The recovery from the pandemic-induced recession has been slowing as new coronavirus variants emerged and governments reined in spending. Rising inflation has prompted the Federal Reserve and other major central banks to raise interest rates. Disruptions in world trade and investment will curb growth in developing countries and add to price pressures.

Food and Energy

The potential for a food crisis is the most alarming concern. Prices of wheat and other grains have already soared. In 2019, Russia and Ukraine combined, accounted for 25 per cent of the world's wheat exports and 14 per cent of corn shipments. Many countries around the world are heavily dependent on these flows. The Republic of Congo, for example, relies on imports from the Black Sea region for 67 per cent of the wheat it consumes.

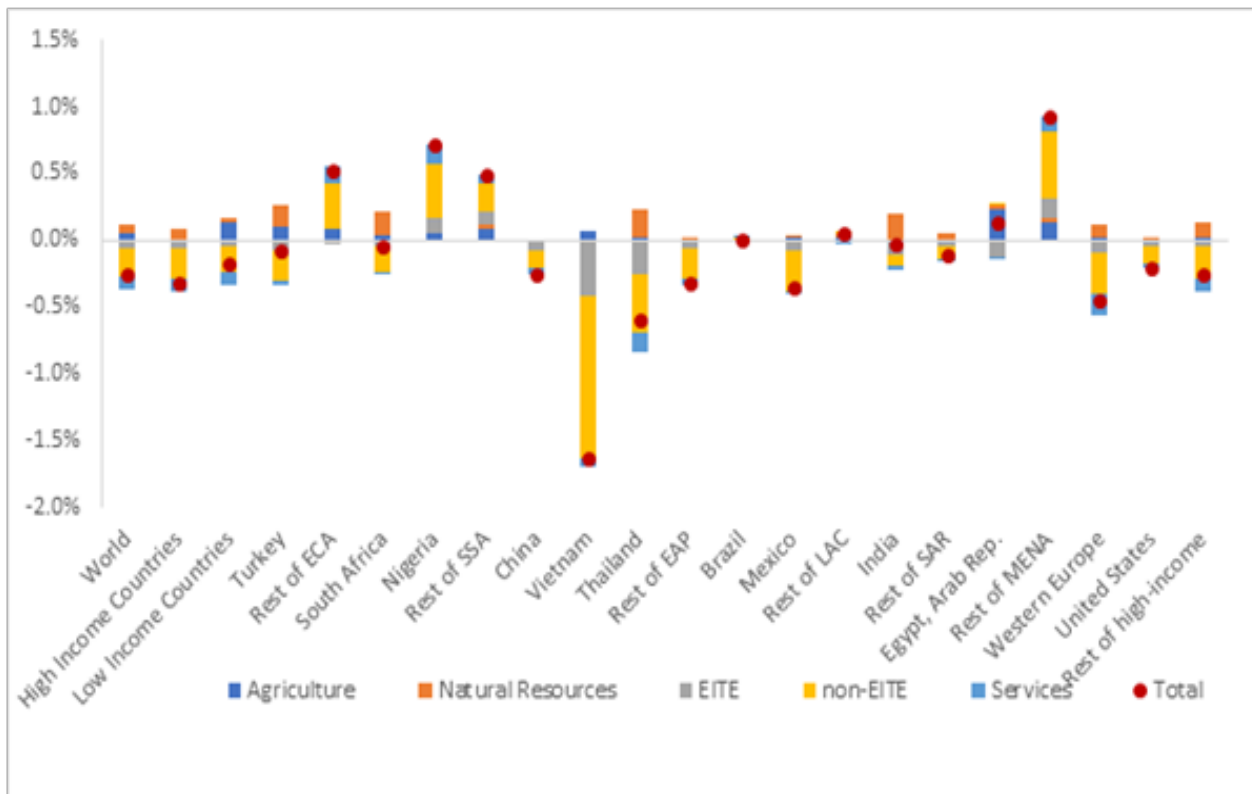
After food prices, energy prices are the most directly affected. Russia is one of the world's biggest energy suppliers, providing 14 per cent of its crude oil and 9 percent of its natural gas globally. Our simulation generates a 7 per cent increase in the price of crude oil, which in turn raises the costs of transportation and production in manufacturing, leading to a drop in exports (Figure 1). Higher prices for natural gas, a key ingredient for ammonia fertilizer, will push up costs for farmers and reduce crop yields, further exacerbating food shortages.

Figure 1: Change in exports relative to reference year as a share of real GDP

Source: Chepeliev et al. (2022).

Trade-policy interventions risk making a bad situation worse (Figure 2). Export restric-

tions further reduce global supply, while import liberalization measures and subsidies



increase demand. Since the beginning of the war in late February, 67 new trade policies have been imposed or announced. Export restrictions alone have added seven percentage points to the price of wheat and risk igniting a tit-for-tat escalation.

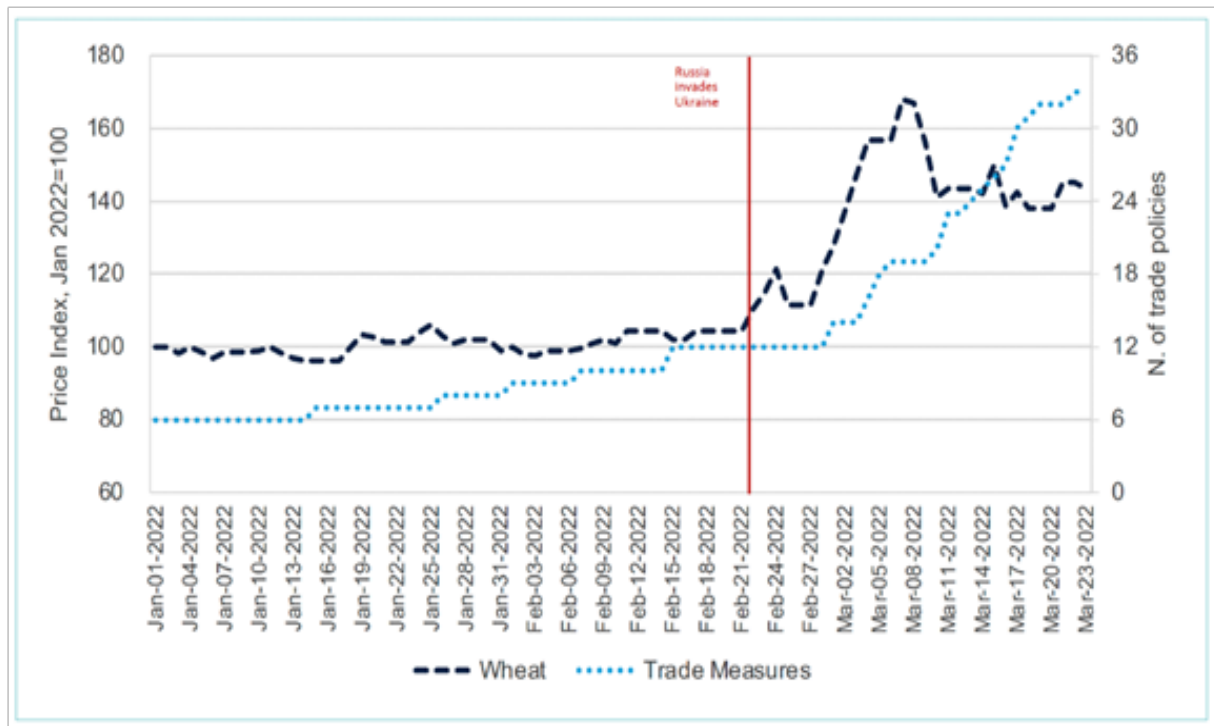
Figure 2: International wheat prices and trade policy measures

Source: Ruta et al. (2022).

Input shortages and other disruptions

The war and resulting sanctions have severed key transport links between Russia and Ukraine and the rest of the world, disrupting trade more broadly. Russia's connections to European ports have been cut, and commodity exports to other destinations have been constrained. Ukraine's Black Sea ports have been blockaded or occupied, leaving the country few routes for its commodity exports. Air freight between Europe and Asia must now be rerouted to avoid Russian airspace. Rail transit through Russia is slowing due to checks for sanctions compliance, and further rounds of sanctions could risk halting rail transit entirely.

Disruptions to global and regional supply chains have caused input shortages and price hikes. Ukraine is a key supplier of inputs, including ignition cables for autos,



neon gas for semiconductors, and iron ore for steel mills. Companies making transport equipment, machinery, electronics, and food products are especially reliant on Russian metals, chemicals, fertilizers, and other commodities.

Russia and Ukraine aren't major players in the world's FDI networks, but the war will nevertheless have an impact on some countries and industries. Armenia, Moldova, and the Kyrgyz Republic depend heavily on Russian investment. And European countries including Finland, Germany, and Norway have major stakes in Russia's energy sector.

Tourism will also suffer, especially in developing countries. Georgia and Montenegro are highly dependent on Russian and Ukrainian visitors. A decline in global tourism will at least temporarily stall the industry's post-pandemic recovery, as scheduled flights are disrupted and consumers reassess their travel plans.

What are the war's likely long-term effects?

Some fear that the war will lead to the corrosion of globalization – the engine of growth and development for the past 30 years. Our analysis shows that firms will reassess geopolitical risks and may move production away from countries they see as riskier, possibly reshaping global value chains to some extent. But given the capital in place,

the cost of searching for alternatives, and wage differentials across countries, this process is likely to be gradual rather than sudden. And it will not result in a reversal of globalization unless it is supported by pronounced government intervention.

The big unknown and risk come from policies aiming at fragmenting the trading system rather than defusing tensions and strengthening global value chains against future disruptions.

Disruption of supply of essential goods post-conflict

Supply chains are once again being tested, this time by the extraordinary events in Ukraine. The time has long since passed when supply chain disruptions can be treated as one-off events, with organizations scrambling to mitigate the disruption to their business and to keep goods, funds, and information flow across the supply chain. The conflict in Ukraine reinforces the imperative for most organizations to have in place more resilient supply chains.

Among the most pressing vulnerabilities is an overreliance in Europe on natural gas and crude oil from Russia, as well as dependence on both Russia and Ukraine for key agricultural commodities. According to the Food and Agriculture Organization of the United Nations, Russia and Ukraine account for more than 25% of the world's trade in wheat and more than 60% of global sunflower oil and 30% of global barley exports. Russia is also a major global exporter of fertilizers, which means any supply shortages, or restricted access, could impact crop yields globally.

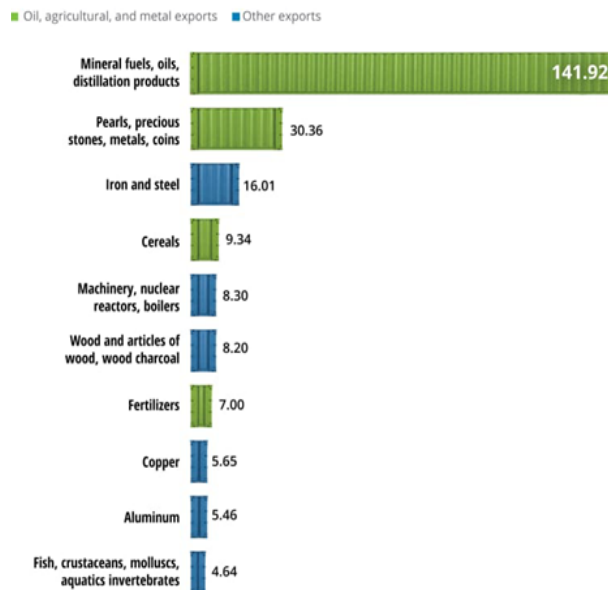
It's not just oil and agricultural commodities that are under stress. As Deloitte noted in a recent report, "The principal reason that Russia plays above its weight is that it is a major exporter of some of the world's most important commodities." Russia is a significant source of many of the 35 critical minerals that the US Department of the Interior (DOI) deems vital to the nation's economic and national security interests, including 30% of the globe's supply of platinum-group elements (including palladium), 13% of titanium, and 11% of nickel. Russia is also a major source of neon, used for etching circuits on silicon wafers. Palladium, a critical component of catalytic converters for cars, has climbed as much as 80% in price since the conflict started. Moreover, as a result of the Ukraine conflict, LMC Automotive has cut its forecast of light vehicle sales in Europe by 2 million units a year over the next two years.

The interconnectedness of economies and businesses has both exacerbated the growing supply chain crisis and to some extent masked it. According to Dun & Bradstreet, there are fewer than 15,000 Tier 1 suppliers in Russia. Dig a little deeper,

FIGURE 1

Russia exports sizeable quantities of oil, metal, and agricultural commodities

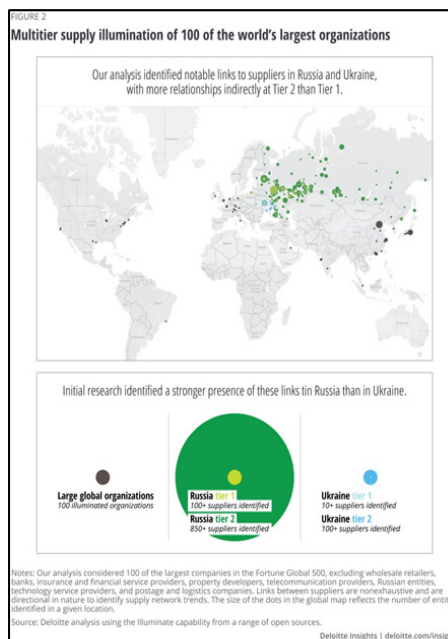
Russia's exports by category (2020, US\$ billion)



Sources: UN Comtrade Database; Deloitte analysis.

Deloitte Insights | deloitte.com/insights

however, and there are 7.6 million Tier 2 supplier relationships with Russian entities globally.³ More than 374,000 businesses—90% of which are in the United States—rely on Russian suppliers. Now consider that in Deloitte's most recent annual survey of chief procurement officers, while 70% believed they had good visibility into risks in their Tier 1 suppliers, only 15% had the same confidence about Tier 2 and beyond.



Possible Solutions

Focusing on short term solutions, an inadequate response:

The current response to food and fuel-induced inflation has been less than sufficient to prevent longer term implications. Several countries with spare capacity are positioning to ramp up their production of oil and gas to meet market shortfalls.

However, short-term thinking dominates, with an over-reliance on monetary policy instruments including interest rate hikes.

The decision by several countries to stop exporting food provides only a short-term solution. It does not consider the symbiotic nature of our economies and our common future. It penalizes producers who are unable to realize the full value of their production and deters investment in future production. Consumers and manufacturers will also be unable to access products and intermediary inputs from elsewhere as imports become prohibitively expensive.

Dealing with structural root causes is an opportunity to build long term resilience:

Tackling the structural roots causes of these crises can provide an opportunity to build forward.

Prioritizing structural transformation that is green, inclusive and resilient will ensure that no one is left behind.

Boosting green structural transformation will require strategic investment in long term financing for better economic and digital infrastructure and services, particularly in marginal and underserved areas. This is required to power productivity growth in core and emerging sectors that are often overlooked.

For instance, to address the root causes of poverty and inequality, we must invest in clean affordable energy, technology and financing specifically targeted at micro, small and medium enterprises engaged in fisheries, agriculture, small-scale mining, nature-based products and services such as tourism.

Inclusive structural transformation can be advanced through harnessing digital

transformation to overcome the logistical challenges that leave many groups and geographical areas behind.

Innovative entrepreneurs are already demonstrating the power of digital to connect consumers, producers and businesses within and across countries.

In Ghana, for example, Jetstream, run by a young woman, operates a supply chain management platform that reduces the cost and time associated with trade formalities, linking importers and exporters, financiers, and logistics companies.

Resilient structural transformation relies on cross-border collaboration and regional integration to reduce vulnerability and the impact of external price shocks on domestic economies.

For instance, regional strategic grain reserves and more efficient trade across Africa's borders can help to mitigate the risk of food insecurity. It will help to make food and other goods more easily accessible and affordable.

We must fast-track the removal of non-tariff barriers to the food trade including high transportation costs, documentation, certification, and standards.

The rise of digital trade and digital currencies could also help to smooth trade across borders, particularly for smaller businesses and informal traders.

Integration and interdependence are key to long-term

- **Rules of Procedure**

Roll Call

A committee meeting begins with a roll call, without which quorum cannot be established. A debate cannot begin without a quorum being established. A delegate may change his/her roll call in the next session. For example, if Delegate answers the Present in the First session, he can answer Present and vote in the next session when the roll call occurs.

During the roll call, the country names are recalled out of alphabetical order, and delegates can answer either by saying Present or Present and voting. Following are the ways a roll call can be responded in -

- Present - Delegates can vote Yes, no, or abstain for a Draft Resolution when they answer the Roll Call with Present;
- Present and voting - An delegate is required to vote decisively, i.e., Yes/No only if they have answered the Roll Call with a Present and voting. A Delegate cannot abstain in this case.
- Abstention - The Delegate may abstain from voting if they are in doubt, or if their country supports some points but opposes others. Abstention can also be used if a delegate believes that the passage of the resolution will harm the world, even though it is unlikely to be highly specific. A delegate who responded with present and voting is not allowed to abstain during a substantive vote. An abstention counts as neither "yes" nor "no vote", and his or her vote is not included in the total vote tally.

Quorum

In order for the proceedings of a committee to proceed, quorum (also known as a minimum number of members) must be set which is one-third of the members of the committee must be present. Quorum will be assumed to be established unless a delegate's presence is specifically challenged and shown to be absent during the roll call. The Executive Board may suspend committee sessions if a quorum is not reached.

General Speakers List

After the agenda for the session has been established, a motion is raised to open the General Speaker's List or GSL. The GSL is where all types of debates take place throughout the conference, and the list remains open throughout the duration of the agenda's discussion. If a delegate wishes to speak in the GSL, he or she must notify the Executive Board by raising his or her placard when the Executive asks for Delegates desiring to speak in the GSL. Each country's name will be listed in the order in which it will deliver its speech. A GSL can have an individual speaker time of anywhere from 60-120 seconds. Following their GSL speech, a Delegate has the option of yielding his/her time to a specific Delegate, Information Points (questions) or to the Executive Board.

Speakers List will be followed for all debate on the Topic Area, except when superseded by procedural motions, amendments, or the introduction of a draft resolution. Speakers may speak generally on the Topic Area being considered and may address any draft resolution currently on the floor. Debate automatically closes when the Speakers List is exhausted.

Yield

A delegate granted the right to speak on a substantive issue may yield in one of three ways at the conclusion of his/her speech: to another delegate, to questions, or to the Director. Please note that only one yield is allowed. A delegate must declare any yield at the conclusion of his or her speech.

- Yield to another delegate. When a delegate has some time left to speak, and he/she doesn't wish to utilize it, that delegate may elect to yield the remaining speaking time to another delegate. This can only be done with the prior consent of another delegate (taken either verbally or through chits). The delegate who has been granted the other's time may use it to make a substantive speech, but cannot further yield it.
- Yield to questions. Questioners will be selected by the Executive Board. Follow-up questions will be allowed only at the discretion of the Director. The Director will have the right to call to order any delegate whose question is, in the opinion of the Director,

rhetorical and leading and not designed to elicit information. Only the speaker's answers to questions will be deducted from the speaker's remaining time.

- Yield to the EB. Such a yield should be made if the delegate does not wish his/her speech to be subject to questions. The moderator will then move to the next speaker.

Motions

Motions are the formal term used for when one initiates an action. Motions cover a wide variety of things.

- Once the floor is open, the Chairs will ask for any points or motions. If you wish to bring one to the Floor, this is what you should do:
- Raise your placard in a way that the chair can read it
- Wait until the Chair recognizes you
- Stand up and after properly addressing the Chair("Thank you, honourable Chair" or something along these lines), state what motion you wish to propose
- Chairs will generally repeat the motions and may also ask for clarification. Chairs may do this if they do not understand and may also ask for or suggest modifications to the motion that they feel might benefit the debate.

Every motion is subject to seconds, if not otherwise stated. To pass a motion at least one other nation has to second the motion brought forward. A nation cannot second its own motion. If there are no seconds, the motion automatically fails.

If a motion has a second, the Chair will ask for objections. If no objections are raised, the motion will pass without discussion or a procedural vote. In case of objections, a procedural vote will be held. The vote on a motion requires a simple majority, if not otherwise stated.

While voting upon motions, there are no abstentions. If a vote is required, everyone must vote either "Yes" or "No". If there is a draw on any vote, the vote will be retaken once. In case there are multiple motions on the Floor, the vote will be casted by their

Order of Precedence. If one motion passes, the others will not be voted upon anymore. However, they may be reintroduced once the Floor is open again.

During a moderated caucus, there will be no speakers' list. The moderator will call upon speakers in the order in which they signal their desire to speak. If you want to bring in a motion for a moderated caucus, you will have to specify the duration, a speakers' time, a moderator, and the purpose of the caucus. This motion is subject to seconds and objections but is not debatable.

In an unmoderated caucus, proceedings are not bound by the Rules of Procedure. Delegates may move around the room freely and converse with other delegates. This is also the time to create blocks, develop ideas, and formulate working papers, draft resolutions, and amendments. Remember that you are required to stay in your room unless given permission to leave by a Chair.

During the course of debate, the following **points** are in order:

Point of Personal Privilege: Whenever a delegate experiences personal discomfort which impairs his or her ability to participate in the proceedings, he or she may rise to a Point of Personal Privilege to request that the discomfort be corrected. While a Point of Personal Privilege in extreme case may interrupt a speaker, delegates should use this power with the utmost discretion.

Point of Order: During the discussion of any matter, a delegate may rise to a Point of Order to indicate an instance of improper parliamentary procedure. The Point of Order will be immediately decided by the Director in accordance with these rules of procedure. The Director may rule out of order those points that are improper. A representative rising to a Point of Order may not speak on the substance of the matter under discussion. A Point of Order may only interrupt a speaker if the speech is not following proper parliamentary procedure.

Point of Parliamentary Enquiry: When the floor is open, a delegate may rise to a Point of Parliamentary Inquiry to ask the EB a question regarding the rules of procedure. A Point of Parliamentary Inquiry may never interrupt a speaker. Delegates with substantive questions should not rise to this Point, but should rather approach the committee staff during caucus or send a note to the dais.

Point of information: After a delegate gives a speech, and if the delegate yields their time to Points of Information, one Point of Information (a question) can be raised by delegates from the floor. The speaker will be allotted the remainder of his or her speaking time to address Points of Information. Points of Information are directed to the speaker and allow other delegations to ask questions in relation to speeches and resolutions.

Right to Reply: A delegate whose personal or national integrity has been impugned by another delegate may submit a Right of Reply only in writing to the committee staff. The Director will grant the Right of Reply and his or her discretion and a delegate granted a Right of Reply will not address the committee except at the request of the Director.

Draft Resolution

Once a draft resolution has been approved as stipulated above and has been copied and distributed, a delegate(s) may motion to introduce the draft resolution. The Director, time permitting, shall read the operative clauses of the draft resolution. A procedural vote is then taken to determine whether the resolution shall be introduced. Should the motion received the simple majority required to pass, the draft resolution will be considered introduced and on the floor. The Director, at his or her discretion, may answer any clarificatory points on the draft resolution. Any substantive points will be ruled out of order during this period, and the Director may end this clarificatory question-answer period' for any reason, including time constraints. More than one draft resolution may be on the floor at any one time, but at most one draft resolution may be passed per Topic Area. A draft resolution will remain on the floor until debate on that specific draft resolution is postponed or closed or a draft resolution on that Topic Area has been passed. Debate on draft resolutions proceeds according to the general Speakers List for that topic area and delegates may then refer to the draft resolution by its designated number. No delegate may refer to a draft resolution until it is formally introduced.

Amendments

All amendments need to be written and submitted to the executive board. The format for this is authors, signatories and the clause with mentioning the add, delete and replace. There are two forms of amendment, which can be raised by raising a motion

for amendment and approval of the chair:

- Friendly Amendments: Amendment, which is agreed upon by all the author's does not require any kind of voting
- Unfriendly Amendments: Amendments that are introduced by any other need not be voted upon by the council and are directly incorporated in the resolution. You need a simple majority in order to introduce a normal amendment.

BODY of Draft Resolution

The draft resolution is written in the format of a long sentence, with the following rules:

- Draft resolution consists of clauses with the first word of each clause underlined.
- The next section, consisting of Preambulatory Clauses, describes the problem being addressed, recalls past actions taken, explains the purpose of the draft resolution, and offers support for the operative clauses that follow. Each clause in the preamble begins with an underlined word and ends with a comma.
- Operative Clauses are numbered and state the action to be taken by the body. These clauses are all with the present tense active verbs and are generally stronger words than those used in the Preamble. Each operative clause is followed by a semi-colon except the last, which ends with a period.

SAMPLE POSITION PAPER

Committee : UNDP

Country : Chad

Topic : Women in Development

Chad is concerned about gender equality concerns and is pleased that people are paying attention to this subject. We promote human rights and believe that all hu-

mans, including men and women, are created equal. We see that violence and gender discrimination would be a violation of human rights. We also think that women, like men, should be allowed a larger role in practically every facet of life.

This crisis has been resolved in practically every country, and we now need to create a safer and more secure environment.

improved environment for women and their activities As many as 70% to 80% of women are responsible for their home. However, they are in an unpleasant condition due to a lack of education, financial management, and even awareness of their rights. Which led to bigger problems such as unpaid overtime work, low education owing to forced young marriage, and other culturally based constraints that make people unhappy.

Our country may have joined and ratified human rights accords that acknowledged the Gender equality is a concept. And our government enthusiastically passed the domestic violence statute, which is yet another step toward recognising this issue. Nonetheless, we think that there is a problem in law enforcement, which is why Chad will participate in UNDP programmes regarding gender equality, women empowerment, and advocating our position to our own people.

The government of Chad presented various remedies to this problem.

1. Creating an environment in which women are accepted and treated equally. in which case

As an example, UNDP should engage in social and cultural activities to create a "model community." to different villages Education is one of the projects. The majority of the time, young girls are stolen away from school and compelled to work or marry owing to financial difficulties Developing an option may be night school or another flexible-in-time and free school.

2. A basic financial education. Women should seek out services or products that are effective. capable of handling them We would aid them in obtaining credit and a better and safer loan. And they should be functioning as entrepreneurs in their town or group. Which in this case In this situation, they create a new, independent employment.