

# **2015 MIT Model UN Conference**

## **World Trade Organization Committee Background Guide**

## **Welcome Letter**

Hello everyone and welcome to the MIT Model UN Conference! My name is Joe Figura, and I will be the chair of the World Trade Organization committee for this year's conference. I'd like to introduce myself to you all.

I'm a sophomore at MIT, studying aerospace engineering. My passion is space exploration; I want to be the one building rockets and space craft to explore the solar system and one day settle on the moon, Mars and beyond. That doesn't mean I'm not interested in what happens on Earth as well, though. In my free time I enjoy reading, cycling, and playing video games.

My interest in global affairs began during the Arab Spring three years ago. I was captivated by the images of hundreds of thousands of people demanding a change in the political order. My interest only grew as I read more about the web of complex social, political and economic factors which interacted to produce the conditions necessary for revolution. Since then I've closely followed world affairs, reading the news daily. The systems that make up society are fascinating; economies, governments, and society interact in countless ways that affect the lives of every person on the planet. Working within these systems people work to solve the problems which afflict the modern world. We will discuss a few of those problems this February, and debate solutions.

In the WTO committee we will discuss important global issues, and how the world can address those issues through trade. Delegates will engage in debate, informed by the perspective of the countries they represent. Hopefully we will also learn something, and have some fun!

This is my first time participating in Model UN, and I'm excited to take part in this conference with all of you. Below you will find the background guide introducing this year's topics.

Sincerely,  
Joe Figura  
MIT Class of 2017

## About the WTO

The World Trade Organization is the multinational organization in charge of matters regarding trade between the countries of the world. Member states abide by agreements that create a basic set of regulations on the trade of goods, services, and intellectual property. It provides a framework for future agreements between nations and acts as a mediator when trade disputes arise. The WTO aims to increase trade and to make the world more open with the ultimate goal of improving the lives of all humans around the world.

The core of the WTO's role are the agreements between countries that set the ground rules of international trade. The number and complexity of the agreements can be bewildering, but the three major ones are as follows: The General Agreement on Tariffs and Trade (GATT), which regulates goods; the General Agreement on Trade in Services (GATS), which regulates services; and Trade Related Aspects of Intellectual Property Rights (TRIPS), which regulates intellectual property.

The WTO also acts as a regulator and an adjudicator in disagreements between nations. The organization monitors the laws and policies of members to ensure that agreements are being adhered too. If a nation believes its rights are being infringed by another, it may bring the dispute before the body to be settled by panels of independent experts. By acting in this capacity the WTO tries to guarantee trade is fair and governed by laws.

The aim of the WTO is to promote global welfare by trade. To accomplish this they work to make world trade more open, by removing tariffs and other trade barriers; more predictable, by promoting transparency and stability; and less discriminatory, by making sure nations don't give preferential treatment to certain parties. By strengthening the global exchange of goods, services, and ideas, the WTO hopes to promote economic growth and improve the lives of all.

## **Topic A: How to use trade to rebuild economies affected by conflict.**

### **Background and History:**

Conflict has occurred for as long there has been civilization. The prevention or resolution of wars is a matter for the Security Council. Once the conflict ends, though, there remain years of work to rebuild the damaged economy. Armed struggles do tremendous damage to the economies of nations it effects, and similar damage to their trade relationships. As a UN Development Program report describes it, conflict destroys infrastructure necessary for trade and “pushes production, trade and commerce from the formal into the informal sector” [1]. Every conflict is different, and the economic effects and the proper response are different for each. The impact depends on dozens of factors. The intensity, “duration and geographical spread of the conflict, and the extent to which the central government has collapsed” all affect the amount of damage done to the nation in conflict [1]. International trade can be a powerful tool to drive economic revitalization. However, trade policy can also become caught up in the political issues surrounding a conflict, hampering an effective response.

Rwanda has become associated with tragedy, and the cost when the international community fails to protect the most vulnerable. The genocide in 1994 killed about eight hundred thousand people, a tenth of the population of the nation, and essentially destroyed the economy [2]. Since the end of the conflict, though, Rwanda has undergone an impressive economic recovery. Between immediately post-genocide and 2008 GDP per capita tripled, the percentage of people in poverty fell from 78 percent to 56 percent, and child mortality halved [3]. Trade is an important part of this ongoing economic

revitalization. As Paul Kagame, Rwanda's president, said in 2004, "In Africa today, we recognize that trade and investment, and not aid, are pillars of development" [4]. The government has worked to transform the nation from an agrarian economy to a productive economy, one that participates in international [4]. Rwanda is an example of how the seemingly insurmountable challenges faced by poor, war-torn nations can be overcome if local governments enact smart economic policy and are supported by the global economic community.

Rwanda was an example of a conflict where the entire international community shared a common goal. This is not always the case; in many situations nations have different, conflicting goals and trade becomes caught up in the political issues that created the conflict in the first place. The complicated nature of such situations is exemplified by the intricate political situation in Ukraine, where an ongoing civil war has become a geopolitical confrontation between western nations and Russia, and where trade has been used by both sides as political leverage.

In 2014 Ukraine underwent considerable civil strife. Protests led to a revolution, which in turn led to a portion of the east breaking away from the control of the central government, igniting a civil war. Over four thousand have been killed and hundreds of thousands displaced [5]. The European Union and the United States have accused Russia of inciting the conflict and aiding the rebels, and as a result imposed sanctions against certain Russian citizens and business. Russia responded by imposing its own sanctions against the west, including a ban on agricultural imports [5]. The Ukrainian economy has contracted significantly as a result of fighting and massive displacement of those living in the affected regions. The sanctions between the two blocs have also reduced trade between the West

and Russia, damaging the economies of both [5]. In Ukraine, the human cost is less than the genocide in Rwanda, but the proper measures to aid Ukraine are heavily disputed. The challenges are in many ways less severe, but the response is more complex.

During the conference, delegates will discuss situations such as these. There are many possible approaches to aiding nations affected by conflict, and their merits and drawbacks will be discussed. The goal of the WTO is to improve the welfare of all, but at times member state's goals may conflict with that overarching aim.

### **Subtopics:**

#### 1. Distributing computing and communication technology

Computers, cell phones and the internet have revolutionized the world's economy and have driven economic development around the world. However, these benefits often aren't available to those in areas of conflict, because of poverty and the destruction to infrastructure that war brings. The benefits of access computing technologies can be tremendous. Those benefits are illustrated by the story of Ushahidi. In late 2007 violence erupted in Kenya following a disputed presidential election. During the crisis a group of Kenyans created a platform that allowed anyone to report incidents of violence. Reports were mapped, creating a resource anyone could access for a real-time picture of the ongoing violence [6]. The technology helped civilians avoid trouble spots and created a record of the crimes committed. This sort of innovation relies on access to technology, however, and trade is one way to increase that access. Delegates will discuss how to improve access to computer and communication technologies.

## 2. The Role of Women

Economic policy must be informed by the social conditions in which it acts. One of the most significant social issues is the rights of Women and the role that they play in a society. Increasing the opportunities available to Women provides more workers and innovators to an economy. This is particularly important in areas affected by conflict, for a rather morbid reason: men are more likely to be combatants, and consequently more likely to be killed or injured. This can lead to disproportionate gender ratios in recovering nations. So many men died during the Rwandan genocide that by the end the population was seventy percent female [7]. A tremendous part of the economic success of the Rwandan economy is due to the efforts of those women. In the aftermath of the conflict Rwanda altered its laws to make it easier for women to inherit and run businesses. Rwanda was the first country in the world in which women held a majority of the seats in legislature [7]. The economic recovery of Rwanda is an example of the potential role women can play in post-conflict states. Delegates will discuss what the role of women should be in economic recovery. The opinions on this subject vary tremendously between societies, and delegates should create a position reflecting the policies of the nation they represent.

### **Groupings of Countries:**

Nations in conflict or recently in conflict are usually less wealthy. There are different degrees of conflict, from full-scale civil war, such as Syria, to ongoing insurgencies, as in

Nigeria, to sustained issues with organized crime, as in Mexico. They struggle with deeply rooted social problems that manifest in armed conflicts, with great human cost. The problems that cause conflict can't be solved by trade alone, but the damage in these countries can be mitigated and repaired with effective trade policy.

The wealthy nations of the world act as promoters of growth in the context of this issue. They are stable and have the wealth to cause change in nations in conflict. The European Union and the United States fall into this category, as well as smaller regional powers like Turkey or South Korea. Additionally, major developing powers such as China or Brazil also fit this category, as they have economic clout to

Middle income countries fall between the previously mentioned two groups. They are still developing, but have engage in significant trade. Countries such as Argentina or Indonesia can act as partners, engaging in mutually beneficial trade with conflicted nations as they continue to develop themselves.



## **Topic B: How to use trade to maintain the stability of food supplies threatened by global climate change.**

### **Introduction and History:**

The planet is warming. Climate change remains a political issue in the United States, but regardless of politics, the average temperature of the planet has risen; the Intergovernmental Panel on Climate Change (IPCC), a UN body which studies the climate, reports that each of the past three decades has been warmer than any decade before it in recorded history [8], and the panel predicts that warming will continue in the coming decades. Higher temperatures will increase the risk of both floods and droughts,” according to the IPCC [9]. Stopping the changes is a herculean task, perhaps the most difficult task which the world faces today. Solving this problem is beyond the scope of this committee. Instead we will focus on how the WTO can help deal with a related issue that is heavily affected by changes in global weather patterns: the stability of the global food supply.

The potentially catastrophic consequences of severe weather events are illustrated by the famine in Somalia in 2011 and 2012. During these two years east Africa experienced its “worst drought in 60 years,” devastating crops and livestock across the region [11]. Nowhere was this worse felt than in Somalia, where the harvest was half the normal amount. Additionally, ongoing conflict and political instability prevented the effective distribution of imported food aid. Somalia lacks the infrastructure and economy to effectively distribute food [11]. Compounding the difficulties, the insurgent group Al Shabaab banned many aid organizations from operating in territory it controlled. Political

instability and poverty conspired environmental factors to produce the worst famine in recent history: the UN estimates that as many as 260,000 people died in these two years [10]. Somalia is an example of what can happen when trade cannot meet needs caused by local environmental disasters.

It should be noted that no single drought or monsoon, or any other weather event, can be entirely blamed on climate change. Rather, climate change means that such events will happen more frequently. The focus of the discussion will be on how to mitigate the increasing threat to food security.

The WTO can help address these issues by strengthening the global agricultural trading system. The trade system must be adequate to get food to regions affected by crop failures, to prevent famines like the one in Somalia from occurring again. It also must be resilient to shocks, to prevent falling supply in one part of the world from driving up the prices of commodities around the world. Delegates will discuss how trade can help the world meet challenges to food security.

## **Subtopics:**

### **1. Agricultural Subsidies**

A common way nations attempt to provide food security is through food subsidies. A subsidy is when a government provides financial support to a sector, usually with the aim of stabilizing and reducing the price of a product. For instance, in 2013 the government of India announced an eighteen billion dollar program to provide guaranteed access to food at below market prices for its poor [12]. These programs are often very popular domestically and allow governments to take direct measures to support their poor. However, these

polices are also the target of much criticism. Many claim the tremendous cost of supporting such programs outweigh the benefits. Additionally, it is argued that subsidies distort the market and prevent competition, both domestically and from imported products, and that the subsidies ultimately harm food security [12]. Delegates will discuss whether agricultural subsidies have a place in the world effort to increase food security. They will debate whether subsidies are a valuable way to support those in poverty and insulate food prices from price shocks, or whether they are overly expensive, inefficient measures which serve only to weaken the global trade system.

## 2. Trade Barriers

Trade barriers are another tool often employed by governments attempting to increase food security, by preventing either the import or the export of agricultural products. Much like subsidies, these policies have both supporters and detractors.

Export restrictions prevent domestic producers from selling to customers overseas. The intent is to prevent food from leaving the country in question when some in that country still lack enough nourishment. In 2007 and 2008 the price of many major agricultural commodities spiked tremendously, and in response the governments of India, Vietnam and Cambodia imposed total bans on agricultural exports [13]. However, many claim these measures serve only to make price spikes worse. By reducing the supply of an agricultural commodity, export restrictions drive the price up even further, it is argued.

Import restrictions prevent the importation of food products into a country. These measures are aimed at protecting domestic producers of a certain product from competition from foreign producers who may be able to produce the same product more

cheaply. Governments wish to stop foreign goods from driving the domestic producers out of business, to preserve a supply of a certain agricultural good inside the country. An example is the 777 percent tariff Japan places on imported rice [14]. This tariff has become a major issue in negotiations on the Trans-Pacific Partnership, a free trade agreement with the U.S. and other Asian nations. Japan fears that lifting these tariffs would flood its markets with cheap goods, destroying the livelihoods of local farmers [14]. Much like subsidies, trade barriers are the target of much criticism. Opponents claim they prevent economic growth and protect inefficiencies in global markets. Delegates will discuss the proper role of trade barriers; whether they should be dismantled, or whether they are a tool nations should use to control the trade in agricultural products.

### 3. The role of genetic engineering in addressing challenges to food stability.

One of the most promising areas of agricultural research is in the field of genetic engineering. Genetic technologies have enormous potential to increase crop yields and reduce the price of food. However, genetic engineering has faced significant opposition from those concerned about safety and the potential to exploit the technology.

Delegates will discuss whether genetically engineered food should be a part of the global response to challenges to food security, and if so, to what degree. They will debate how to regulate trade in genetically modified products, and whether such research should be promoted, or whether it should be subject to strict limits.

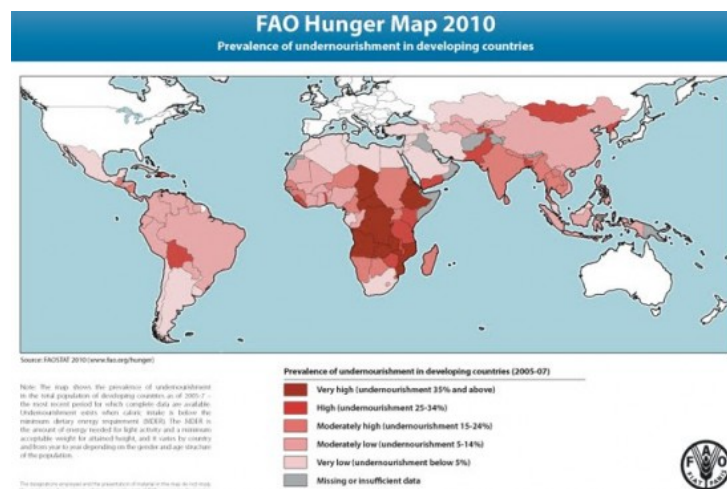
### **Potential Groupings of Countries:**

#### Food Security of Countries

Countries can be separated into those that struggle with widespread malnourishment and food shortages, and those that do not. Rising food prices affect everyone, but the effects will be much more severe in countries that already struggle to provide for their poorest.

The wealthy nations of the world fall mostly into the latter category, with enough resources to provide a baseline amount of nutrition to their citizens. Example countries in this group are the U.S., the countries of Western Europe, and Turkey or Saudi Arabia. In these countries increases in food prices would be felt primarily as lower standards of living, as people spend more of their income on food and less on everything else.

Countries where food supplies are already lacking are more vulnerable to disruption. Supply shocks can exacerbate malnourishment problems, and force those on the edge into poverty. In the worst cases famine can occur, as happened in Somalia. Malnourishment is worst



A map of undernourishment. Further statistics on malnutrition are available at <http://www.fao.org/hunger/en/> in African nations, though many Asian, South and Central American countries also struggle with varying degrees of malnutrition. Food security is most important to these nations and

they often lack the resources or political capability to protect themselves from changing supplies.

### Food Exporting vs. Importing Countries

The countries of the world can also be grouped by the quantity of agricultural products they trade. Some nations export a tremendous amount of food; others rely on imports to feed their citizens. A third group of nations don't export or import heavily, being mostly self-sufficient.

The largest exporters of food commodities are those nations with large amounts of arable land, and the wealth and technology to make use of that land. China produces the most rice and wheat in the world; Russia the most barley and rye, the U.S. the most corn [<http://faostat.fao.org/site/339/default.aspx>]. Many smaller nations rely on food exports as well, often specialty products. For instance, Indonesia is the world's largest producer of palm oil, providing half of the world's supply [Indonesia: Palm Oil Production Prospects](#)

[Continue to Grow](#) December 31, 2007, USDA-FAS, Office of Global Analysis.

Countries that are dependent on food imports either are limited by geographical or economic factors that cause an inability to produce enough food nationally. These countries tend to fall into two categories. Middle and high income countries that have high populations but limited arable land, such as South Korea or Singapore, will import food to meet the deficit. The second category are low income nations, often nations in conflict. These countries have economic or societal problems that prevent the production or the distribution of enough food to meet demand. Haiti, Yemen, or Senegal are a few examples. These nations are often dependent on foreign aid and also suffer from high levels of

malnutrition.

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