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Country: Haiti

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Topic: Solving oligopoly problem in international petroleum markets

"Empowering communities, fostering resilience, and embracing innovation are the keys to unlocking Haiti's energy future, free from the grip of oligopolies.”

Haiti imports petroleum from a few selected suppliers. Due to this minimal supplier growth, the nation has been more vulnerable to supply chain delays that may be brought on by disasters, political instability and other circumstances.

Volatility of Price In an oligopolistic market, price fluctuations might be sudden and extreme. This fluctuation may have a significant negative impact on Haiti's economy, affecting everything from transportation costs to the cost of products and services.

Market Misuse Oligopolies have the power to regulate supply and pricing to boost their profits. This might mean that Haiti pays more for petroleum products than it does in a market with greater competition.

Market barriers to entry to Haiti's dependence on a small number of suppliers is worsened by the lack of competition, which is a result of oligopolies' frequent construction of entrance barriers such as high capital costs, legislative barriers, or the domination of current players.

Trade Laws on Petroleum product imports, sales, and distribution may be governed by Haiti's trade laws. These rules could include processes for resolving disputes in the petroleum supply chain, standards for product quality and safety, and licencing requirements for importers.

Haiti has been grappling with fuel shortages due to the soaring prices of petroleum in the international market. [In December 2021, the government partially removed oil subsidies, leading to a 74.3% average increase in retail fuel prices](https://www.trade.gov/country-commercial-guides/haiti-market-challenges) [These shortages contribute to instability, pressure at fuel pumps, and the growth of a fuel black market](https://www.trade.gov/country-commercial-guides/haiti-market-challenges). In 2020, global petroleum production amounted to approximately 92.5 million barrels per day, according to the International Energy Agency (IEA). Even with investor-friendly laws and a difficult business climate, Haiti typically gets very small amounts of foreign direct investment (FDI). It increased by more than 100%, from $23 million in 2020 to $50 million in 2021, as reported by UNCTAD, (the United Nations Conference on Trade and Development).

Establishing community-based petroleum cooperatives could empower local communities to collectively negotiate with suppliers, pool resources for bulk purchases, and distribute petroleum products more efficiently. These cooperatives could also explore alternative energy solutions and promote energy conservation initiatives at various levels.

Haiti could collaborate with neighboring Caribbean nations to establish a shared strategic petroleum reserve. By pooling resources and storage facilities all nations could collectively negotiate better terms with their suppliers and buffer against supply disturbance caused by oligopolistic behavior or external factors.

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