



HoMMUNC

World Trade Organization

Chair: Sahej Suri

Moderator: Ethan Klaris

Dear Delegates,

Welcome to the World Trade Organization! My name is Sahej Suri, and I am a senior at Horace Mann. I am extremely excited to be chairing this committee and seeing the detailed and intellectual debate ahead. It should be a great time.

A little about myself – I have been doing Model UN since 9th grade and enjoy to a great extent the atmosphere that each conference provides. I am also a member of the Horace Mann Review, the publication of opinions at Horace Mann. If you see one during the conference at HM, I encourage you to pick it up and explore! During the summer, I created an oral history project on the 1947 India-Pakistan Partition, which has inspired me to explore further a topic that has defined the way these countries interact even today.

I am also happy to announce that Ethan Klaris, a junior at Horace Mann, will be the moderator for WTO. We are looking forward to what you all have to say about both of these impactful topics. We encourage you to take a critical approach to all matters and bear in mind the importance of a country's position – we will certainly be keeping an eye out for it!

If this is one of the first times you are participating in a Model UN conference, I encourage you to take a chance and participate to the best of your abilities. My first Model UN conference was actually here, at HoMMUNC, and I enjoyed the experience so much that I was convinced to continue to do Model UN for the remainder of my time being at Horace Mann. Even though I wasn't by any means "great" at Model UN when the first time I spoke at HoMMUNC, it was a great learning experience, and I hope it is for you if you're still getting introduced to the wonderful activity Model UN is.

I hope you find the background helpful and informative. If you have any questions, comments, concerns please contact me at Sahej_Suri@horacemann.org. I can't wait to meet each and every one of you soon!

Best,

Sahej Suri

THE WTO

The World Trade Organization (WTO) provides a forum for governments to negotiate trade agreements and settle trade disputes. The WTO was created in 1995 during the Uruguay Round negotiations, and is located in Geneva, Switzerland. The WTO is responsible for creating, implementing, and monitoring international trade regulations. With 159 member states, the WTO is the main source of international trade law. World Trade Organization agreements “cover goods, services and intellectual property. They spell out the principals of liberalization and the permitted exceptions...They set procedures for settling disputes.”ⁱ

In this committee, delegates will be tasked with writing resolutions that will model WTO trade agreements. The resolutions will need to solve two of the most pressing trade issues in the world today: the repatriation of art and artifacts, and dumping. Both of these issues affect developing and developed nations at the core of their cultures and economies. Delegates will have to work together to set standards and guidelines to which the international community agrees. If no compromise can be reached, these issues may continue to grow in severity and will put all of international trade at risk.

TOPIC 1: DUMPING

In the scheme of world trade, countries often take measures to increase their competitive edge. By investing in technology, building infrastructure in manufacturing, exploiting natural resources, or improving education, a country can improve its ability to trade and negotiate profitably. These measures are seldom

controversial and often are encouraged by the international community as central tenants for any country's development.

There are, however, ways for a nation to increase its trade advantages that are more contested globally. The act of dumping certainly falls into this category.

Dumping is the practice of pricing exports beneath fair market value or beneath the cost of production. If a country or corporation is trying to establish a trade hold in a foreign market or if it has a surplus of goods, it may resort to dumping.

Dumping is used for a few different reasons. Predatory pricing, or the practice of selling goods below fair market value in order to drive out competition is the first. A corporation may do this to strengthen its hold in a foreign market with strong contention for dominance.

Price discrimination is another reason for dumping; if a company has a firm hold over its domestic market and is trying to break into a more competitive market abroad, it will charge lower prices in the foreign market while driving up costs at home. This allows revenue to stay strong while international trade grows.

The third reason for dumping is to dispose of surplus inventory. If a firm has already saturated its domestic market with its product, it will look to foreign markets to take the rest of its stock. Getting the last of the product sold is more important than profit margins per capita so the corporation charges very low prices to ensure activity in the foreign market.ⁱⁱ

Dumping can have detrimental effects on the economies of both the domestic and foreign countries. At home, the inflated prices that come as a result of price

discrimination make the cost of living more expensive and limit the amount of goods people can buy. Abroad, while buyers come out ahead in the short run, predatory pricing may push out small businesses. When a foreign corporation eventually establishes a firm foothold and the market begins to rely on its supply, the firm can bring up its prices without fear of losing a competitive edge. Thus, buyers may actually end up paying more for their goods down the road, when a foreign business comes to town.

Dumping can have this type of effect on a much larger scale too. With nationally sanctioned dumping, an entire nation can come to rely on the low-cost goods of another. This can limit economic development and investment in research, as prices are lower when trading abroad than when manufacturing at home. When a relationship like this is established, it inhibits the development of both country's economies, hindering world trade overall.

CASE STUDIES

Chinese Solar Panels in the EU

On July 25, 2012, EU Pro Sun, an ad hoc association representing more than 20 European Union solar panel companies lodged a complaint with the European Commission concerning China's solar panel sales to the EU. The complaint showed "possible price dumping by [China] on the EU market, injury suffered by the Union industry, and a possible causal link between the dumped imports and the injury suffered by the Union industry."ⁱⁱⁱ

One year later, after an extensive Commission investigation into the allegations, the EU is imposing anti-dumping tariffs on China's solar panels. Germany, China's largest trading partner within the EU, along with the majority of other member states, vehemently opposed the imposition of these tariffs. Nonetheless, the Commission reserves the right to institute duties if it believes harm is being dealt to producers within the Union, allowing the tax to remain.

A tariff of 11.8% went into effect on June 6, 2013 and is meant to bring China to a compromise. If an agreement cannot be reached by August, the duty will increase to 47.6%. There is fear within the EU that China will retaliate with its own protective tariffs, thus beginning a trade war.^{iv}

This is the largest anti-dumping case ever managed by the European Commission as Chinese solar panel imports are worth upwards of 27.5 billion USD. It is likely to dominate the conversation of EU-China trade relations for at least the next few years and is causing much unrest within the Union as divided interests cause tensions between member nations.

Brazilian Poultry in South Africa

In July of 2012, South Africa accused Brazil of exporting chicken and fowl beneath market value and damaging the South African domestic poultry industry. With 60% of chicken in South Africa coming from Brazil, and a poultry industry that employs more than 100,000 people, analysts worry that 3,000 South African jobs might disappear as the domestic market collapses under the weight of dumped Brazilian goods.

The South African Poultry Association (SAPA) led the charge against Brazilian dumping. Prices across South Africa were severely depressed due to the influx of cheap Brazilian birds and it was causing massive strain on domestic corporations. SAPA advocated for the imposition of protective tariffs to allow prices to normalize and save South African Companies. The South African International Trade Administration Commission (ITAC) imposed provisional anti-dumping tariffs of 62.93% to appease SAPA.

Brazil responded by taking the issue to the World Trade Organization, claiming the South African allegations were false and that dumping and price undercutting was not actually occurring in the poultry trade. Such high levies were a serious threat to the Brazilian industry and deeply concerning to Brazilian public officials.

After closer investigation, the ITAC revoked its provisional tariff and announced that it would not be imposing anti-dumping tariffs specifically against Brazil. According to the South African Minister of Trade and Industry, the difficulties within the poultry industry were a result of a general lack of oversight with regards to poultry imports. Thus, the ITAC plans to raise the overall tariff on imported fowl and chicken, rather than targeting one specific nation.

QUESTIONS TO CONSIDER

1. In what instances are anti-dumping tariffs sanctioned by the WTO?
2. How should dumping disputes be settled in the international community?
3. What role does the WTO have to play in settling dumping disputes?

4. Should the practice of dumping ever be allowed by the WTO? When? Why?
5. What can the international community do to discourage or stop dumping?
6. How can the WTO identify cases of dumping?
7. What is the WTO definition of dumping?

TOPIC 2: REPATRIATION OF ART AND ARTIFACTS

Throughout history, there has been a constant flow of artworks and artifacts from country to country. Sometimes through private exchanges, and sometimes through multinational deals instigated by governments, valuable cultural merchandise gets passed from one owner to the next.

The exchange of artifacts is not always legal, however. Theft and looting can occur, taking art out of its nation of origin and causing its distribution on the international black market. It may then be sold and resold many times, making it very difficult to discern who is an innocent buyer and who a criminal.

As laws on artifact proliferation become increasingly stringent, more complications arise. A piece of artwork may have been bought legally a century ago when governments were less concerned with maintaining their physical cultural

heritage but now the nation of origin might want it returned even though the current owner has no intention of relinquishing it. This has caused much dispute within the international community as countries argue over the rightful ownership of artifacts. In many cases repatriation laws have strengthened in tandem with a country's economy. Thus, more recently developed nations, or those still developing, are often the ones to demand repatriation, and developed nations are more commonly the ones withholding the artwork. Consequently, repatriation has caused a tense rift between the developing and developed worlds that may potentially hinder the future of international trade.

CASE STUDIES

Cleopatra's Needle

In early 2011, the Secretary General of Egypt's supreme council of Antiques criticized New York City for poor maintenance of Cleopatra's Needle, a 3,500-year-old obelisk that stands in Central Park. Zahi Hawass, the Secretary General, demanded the monument be returned to Egypt, citing his concern that its structural integrity was compromised as a result of negligence by the New York Parks Department and city government. The obelisk arrived in New York in 1881 as a thank-you gift from Egypt to the U.S. for aid in opening the Suez Canal. Law professor and cultural ownership expert Derek Fincham argued that Egypt had no legal claim to the monument, that to demand it back would be the same as France trying to reclaim the Statue of Liberty.^v

Despite a lack of grounding to his demands, Hawass did start a positive conversation about the statue's upkeep and maintenance in New York. The World Monuments Fund, a not-for-profit from New York, the Central Park Conservancy, and the Metropolitan Museum of Art collectively completed an in-depth analysis of Cleopatra's Needle and the city has since redoubled its preservation efforts.

The Turkish Art War

Turkey's prominence in the international cultural community is at a 100-year high point. Citizens are embracing their cultural heritage in a way that has not been seen since before the fall of the Ottoman Empire in 1923. Riding the wave of national cultural pride in Turkey, the government is planning to build a 270,000-square-foot museum in Ankara, the capital. The Turks plan to fill this "Museum of the Civilizations" not only with the artworks and artifacts currently owned by Turkey, but also to draw from the museums and galleries of the world and reclaim much of what they consider plundered goods.^{vi}

Throughout the reign of the Ottoman Empire, the country today known as Turkey suffered from the effects of a thriving black market of art. Thieves and smugglers shipped valuable pieces out of the country for hefty prices all throughout the empire's 624-year history. Even when an export ban of antiques was established in 1906, the Turkish Mafia continued to deplete the country's inventory of cultural artifacts.

With the recent surge in cultural nationalism, Turkey is making demands to the world's preeminent cultural centers for the repatriation of their goods. Turkey

ordered the return of a marble torso of more than 2,000 years from Prussian Cultural Heritage Foundation, the organization responsible for running Berlin's state museums. Germany's Museum of Islamic Art has been asked to return the ornamental structure of a Medieval tomb and a prayer niche, both originally from Turkey. Only the Pergamon Museum in Berlin has capitulated to the recent demands by returning a stone sphinx to Turkey. The sphinx had arrived in Berlin broken and was carefully restored almost 100 years ago.

Turkey's Prime Minister, Recep Tayyip Erdogan visited the United States in 2011, where he pressured the Boston Museum of Fine Arts to return the 1,900-year-old marble statue of "Weary Hercules."

Paris's Louvre museum refused, despite dramatic pressure from the Turkish government, to give back a collection of colorful tiles from the mausoleum of Selim II. France claims they acquired the tiles "in good faith" from one of the sultan's dentists in the 1800's. The Turks say the dentist was a known swindler and as a repercussion for not meeting their demands, barred French archeologists from working at the Xanthos UNESCO World Heritage Site, France's most important excavation stake in Turkey.

Critics accuse Turkey of hypocrisy, as the Ottomans were responsible for the theft of artifacts in Mecca, war pillaging in Cyprus, and taking bribes to allow the defacement of the Athenian Parthenon. Furthermore, questions have been raised about the Turks' own ability to take care of their artifacts. Few question the merit of the Museum of the Civilizations but reports have come out about the Ottoman

government allowing the destruction of ancient artifacts, only some of which could be saved by foreign archeologists.

BLOC POSITIONS

Africa

Much of Africa's most valuable art is housed in museums across Europe and North America. From the tombs of Ancient Egypt and the tribes of the Sub-Sahara have come some of the oldest and most celebrated artifacts. As the world's most underdeveloped region, many countries have other issues that require tending before art repatriation but as countries start to build their economies and infrastructures, they will certainly begin looking to the maintenance of their cultures. For African nations, looking to the future to ensure that the physical tenants of their pasts are not stripped from them will be integral to ensuring that the people's heritage lives on. With this in mind, further development cannot be achieved without positive trade relationships across continental borders. In order for African economies to continue to grow, they need the favor of many developed countries in Europe, Asia, and North America and thus must weigh possibly impeding trade traffic with a repatriation disagreement against losing access to a national artifact.

Latin & South America

The southern Americas continue to grow in notoriety within the art world. Brazil and its cultural centers of São Paulo and Rio De Janeiro remains the primary focus for art trade but Mexico, Colombia, and Argentina, among other nations are gaining higher profiles and more vivacious cultural trading environments. Over the

centuries since Spanish and Portuguese colonization, the many indigenous tribes of the region have seen artifacts taken from their homes and housed in museums across Europe. The region's proximity to the United States also has caused a flow of native artwork out of countries and into American galleries.

There have recently been pushes by the governments of many nations to reacquire some of their artifacts but Latin and South America, like Africa, relies heavily on trade with Europe, Asia, and especially the United States and risking a trade war over art repatriation is a serious concern.

Europe

Within Europe there is a decisive split in the mentality of repatriation. Countries like France, Germany and the United Kingdom, all who have world-renowned museums famous for their diverse collections of art from all across the globe, tend to push for more free trade laws when it comes to artifacts. On the other side of the spectrum, countries like Italy and Greece with rich cultural backgrounds have historically been quite territorial with their art and argue for more demanding repatriation protocols and more stringent trade laws.

Asia

The Far East, by and large, has kept its artifacts close to the chest. Highly nationalistic, countries like China use museums to glorify their histories, creating art to tell stories that are idealized, without revealing the shades of gray that might exist in the nation's past. Many eastern nations remained somewhat isolated throughout

history, relieving them of some of the confusion that comes from the revisiting of old transactions. One notable instance of repatriation was in 2010 when Japan returned 1,000 artifacts to South Korea. The objects had been taken during Japan's colonial occupation of Korea that occurred in the first half of the 20th century.

The borders of Middle Eastern nations have many times been redrawn throughout history, creating a difficult circumstance in which to decide ownership. Near constant violence has caused the looting for many valuable artifacts, the most recent noteworthy example being the National Museum of Iraq in Baghdad at the outbreak of the Iraq War in 2003. The dissolution of the Ottoman Empire, along with the aforementioned issues has created a tense and complex situation as many countries claim rights to the same artifacts.

North America

The United States and Canada are two of the most active purchasers of foreign art in the world. While both are committed to ensuring that objects are housed by their legal owners, their museums and cultural centers thrive off of their diverse collections of artifacts that come from around the world. Often the North American countries argue for more open art trade and less demanding repatriation laws, as to preserve the collections of their art facilities. However, there are repeated instances of repatriation when evidence is presented indicating something owned by a museum, gallery or private citizen was acquired or taken illegally.

QUESTIONS A RESOLUTION

MUST ANSWER

1. What systems can the WTO implement to identify the legal owner of an artifact?
2. Are there certain standards that must be met in order to house or transport art?
3. Under what circumstances should the WTO call for the repatriation of an artifact?
4. Under what circumstances should the WTO work to keep an artifact in a foreign host country?
5. How will repatriation negotiations be dictated in cases where an artifact was bought legally? Illegally?
6. Will the political or diplomatic situation in a country inform repatriation decisions within the WTO?
8. What is the WTO definition of dumping?

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- ⁱ http://www.wto.org/english/thewto_e/whatis_e/what_we_do_e.htm
- ⁱⁱ <http://www.economicsconcepts.com/dumping.htm>
- ⁱⁱⁱ http://europa.eu/rapid/press-release_MEMO-12-647_en.htm?locale=en
- ^{iv} <http://www.guardian.co.uk/business/2013/jun/04/eu-tariffs-dumping-china-solar-panels>
- ^v <http://www.wnyc.org/articles/features/2011/jan/18/egypt-questions-condition-cleopatras-needle/>
- ^{vi} <http://www.spiegel.de/international/world/turkey-waging-art-war-to-repatriate-artifacts-from-foreign-museums-a-845159.html>