DSBMUN

Economic and Social Council

The Future of Globalisation

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Topic: Preventing and Reducing the effects of Protectionist Policies of MEDCs

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II. Introduction

Committee

The Economic and Social Council (ECOSOC) was created by the United Nations Charter in 1945 as one of the six principal organs of the United Nations. It coordinates the work of the 14 Un specialized agencies (what), ten functional commissions and five regional commissions, receives reports from nine UN funds and issues policy recommendations to the Un system and to Member States. The Council plays a major key role in promoting gender equality, enhancing peace and development, responding to global emergencies and in fighting HIV/AIDS. ECOSOC's purview extends over 70 per cent of the human and financial resources of the entire UN system.
Over the past year, the Economic and Security Council has been centering on multiple projects, such as building back better from the coronavirus disease (COVID-19), while also advancing the full implementation of the 2030 Agenda for Sustainable Development. It also focuses on strengthening and improving humanitarian work, to save lives and reduce humanitarian need, risk, and vulnerability.

Topic

The beginning of globalization is a highly discussed topic. Whilst some scholars believe this process started in the 14^{th} century, when Columbus set sail for America, others view globalization as a contemporary occurrence, beginning after World War II.
Globalization is an economic, technological, political, social and cultural process at a global scale, which consists of increasing communication and interdependence in between the world's countries.

Whenever this process may have begun, it is obvious we live in a globalized world. Although this way of life might offer advantages, such as broadening access to goods and services, increasing cultural awareness and enabling information and technology to spread more easily, there are also some major drawbacks.

For instance, globalization has neither improved nor protected labor, environmental or human rights.

Furthermore, globalization empowers multinational corporations, which often seek a way to reduce production costs, moving their manufacturing companies to low-cost labor countries, therefore causing workers to lose their jobs in the richer countries.
International trade plays a big role in multiple economies, such as the United States, Japan, and China, which have largely benefited from this. However, poorer or developing countries are not able to see the same results, which raises the question if the trade policies really do offer everyone the same opportunity. For instance, in 2005, developing countries agricultural exports were faced with an average tariff of 8.9 per cent. Developed countries still impose tariffs on imports from developing countries that are twice as high as those from developed countries. It is as President Museveni of Uganda stated: "Africa does need development assistance, just as it needs debt relief from its crushing international debt burden. But aid and debt relief can only go so far. We are asking for the opportunity to compete, to sell our goods in western markets. In short, *we want to trade our way out of poverty*".

The free market trade policies play a big role in widening the gap in between rich and poor economies, allowing the big, strong ones to profit off the weaker ones. The US-based Global Financial Integrity (GFI) and the Centre for Applied Research at the Norwegian School of Economics published data which proves that the flow of money from rich countries to poor countries is modest in comparison to the flow in the other direction. This gives the impression that rich countries are profiting from poor countries, not the other way around.

III. **Definitions of Key Terms**

Free market

An economic system based on supply and demand with little or no government control.

Illegal market/Black market

Economic activity that takes place outside government-sanctioned channels, therefore avoiding price controls and/or taxes.

Trade policies

The set of agreements, regulations, and practices by a government that affect trade with foreign countries.

Exchange rates

A rate at which one currency will be exchanged for another currency and affects trade and the movement of money between countries.

Monopoly

A marked structure where a single seller or producer assumes a dominant position in an industry or a sector.

LEDC
Lesser economically developed country

MEDC
More economically developed country

IV. History of the Topic

First wave of globalization (19th century-1914)
A twin engine of global trade was born out of the "British" Industrial Revolution. Steamships and trains were capable of transporting goods over thousands of miles, both within and across nations. Britain's industrialization also allowed it to make products which were demanded all over the world, such as iron, textiles, and manufactured goods.
Numbers clearly illustrate the globalization that resulted. Over the next century, trade grew averagely 3% per year. As a result of this growth rare, exports grew from 6% of global GDP in the early 19th century to 14% on the eve of World War I.
It is also important to note that the first wave of globalization and industrialization coincided with darker events as well. Many African countries were colonized by Europe, leaving Ethiopia as the only sovereign African state. Moreover, larger countries like India, China, Mexico, or Japan were not able to adapt to the industrial and global trends.

Second and third wave of globalization
The ending of World War II marked the new beginning of a new era in global economics. In the start, this happened in two separate tracks, as the Iron Curtain, the political boundary dividing Europe into two areas from the end of World War II, separated the world into two spheres of influence.
In 1989, however, the Iron Curtain fell, making globalization a truly global phenomenon. This year was also the first time exports once again accounted for 14% of global GDP. Meanwhile, the internet, a new technology of the third Industrial Revolution, linked people all over the world more directly. Goods could now be ordered with a simple click and delivered in a matter of days. As a result of the internet, value chains were further integrated globally, meaning that research and development could be done in one country, sourcing in another, production in in yet another, and distribution could be performed all over the world.
In the 2000s, global exports reached a milestone, as they made up about a quarter of the world's GDP. Imports and exports collectively grew to about half of global GDP.

Globalization 4.0

Nowadays, the world is increasingly dominated by two global powers, the US and China. The production of goods has been internationalized, and mostly moved overseas. Ease of transactions and reduction of transaction costs have allowed big companies to minimize tax liabilities, for example by taking advantage of tax havens.
Countries are becoming progressively codependent of each other, their economies depending on each other's contributions and cooperation.

Climate Change

A boom in international trade has characterized the last half century. Compared to 1950, global trade has grown more than 27 times in volume. The world's GDP, by comparison, increased eightfold during this period. Therefore, international trade now accounts for twenty five percent of global GDP, up from five percent in 1950.
However, this increase in trade has also led to an increase in discussion about how the traffic of goods has had an impact on climate change.
On the one hand, water resources around the world are being conserved due to efficiency gains linked to integrated supply chains and technological advancements, which were caused by globalization.
On the other hand, nonetheless, global trade has led to a rise in carbon emissions worldwide, seeing as there has been a global growth of transport by land, sea and air. These, in conjunction to other emissions, make up treehouse emissions, which, as is widely known, lead to the greenhouse effect.
The greenhouse effect is one of the major factors contributing to climate change, which is defined as a long-term shift in temperatures and weather patterns. These shifts have been proven to disproportionately harm vulnerable groups, including those living in developing countries, according to a U.N. Human Rights Council report. The effects of extreme weather events, disease transmission, as well as the deterioration of water quantity and quality are predicted to be the most severe in developing countries, as well as in areas that are geographically vulnerable. According to the World Health Organization, climate change could make extreme poverty a reality for an additional 100 million people by 2030.
Therefore, international trade has a direct impact on climate change and an indirect impact on the lives of millions of people.

V. Timeline of Events

July 1944

The United Nations Monetary and Financial Conference was held in July 1944, when delegates from 44 nations created a new international monetary system known as the Bretton Woods system. The goal was not only to avoid the rigidity of previous international monetary systems, but to also address the lack of cooperation among countries.

December 1945

The International Monetary Fund was established after 730 delegates at Bretton Woods agreed to do so. It observes and oversees global economic trends, provides advice, support, and guidance on macroeconomic studies, and specifically focuses on low- and middle-income countries.

December 1945
The World Bank, former known as the International Bank for Reconstruction and Development, was established after 730 delegates at Bretton Woods agreed to do so. Its main focus is reducing poverty and creating sustainable growth in the world's poorest countries (especially Africa and post-conflict states). Main project areas include schools, hospitals, water, electricity, trade, climate change and infectious diseases.

December 1964
The United Nations Conference on Trade and Development (UNCTAD) was established as an intergovernmental organization in order to promote the interests of developing nations in the global economy. It is part of the UN Secretariat and reports to the UN General Assembly and the Economic and Social Council.

1 January 1995
The World Trade Organization (WTO) was established. With a primary focus on the rules of trade between nations, it aims at enabling trade to flow as freely as possible and ensures an open market.

December 2005
Aid for Trade, a WTO-led initiative, facilitates trade among developing countries, particularly those in the least developed countries. A variety of supply-side and trade-related infrastructure obstacles hinder the international trade of many developing countries.

2015
Addis Ababa Action Agenda: This global framework focuses on multiple Action Areas, one of them being "International trade as an engine for development". Specifically, paragraphs 79-92 center on this topic. (2051AAAA_Outcome.pdf)

2017
Agreement on Trade Facilitations: The Trade Facilitation Agreement (TFA) is a multilateral trade agreement that binds members of the World Trade Organization (WTO). This agreement aims to simplify, accelerate, and reduce the cost of cross-border trade and is the mission of the Global Alliance for Trade Facilitation.

VI. Previous Attempts to Solve the Issue

The Istanbul Programme of Action (IPoA)
IPoA recognizes that LDCs represent an immense resource for economic growth, welfare, and prosperity worldwide, and that addressing their special development needs will contribute to world peace, prosperity, and sustainable development. The IPOA set an overarching goal of enabling half of LDCs to graduate by 2020. In LDCs, this is closely related to the aim of achieving sustained, equitable, and inclusive economic growth of 7% per year.
The IPoA covers 8 areas for LDCs development, of which the first two focus on trade: productive capacity and trade.

Doha Development Agenda

In November 2001, the Doha Development Agenda, also known as the Doha Round of world trade negotiations, was launched in Doha, Qatar. The talks aimed to further liberalize trade while increasing ease of entry for developing countries, particularly Least Developed Countries (LDCs).

The main issues at stake are reforming agricultural subsidies, maintaining sustainable economic growth in developing countries through new liberalization in the global economy, and improving developing countries access to global markets for their exports. Although the EU has made considerable efforts, negotiations have stalled largely due to the unwillingness of some WTO members to reform their agricultural policies.

Work Programme on Small Economies

There are specific challenges for small economies in participating in world trade due to lack of economies of scale or limited natural resources, for example. As part of the Doha Declaration, the General Council is mandated to make recommendations on how to enhance the integration of small economies into the multilateral trading system without creating a separate category for them.

Bali Package

Trade decisions were adopted to streamline trade, increase food security, boost the trade of least developed countries, and promote overall development.

One of the three pillars in the package is development. Several specific measures were set up to support LDCs. As part of these reforms, LDCs will be able to trade goods and services with developed countries. LDC exports will also receive trade preference arrangements under this pillar that will allow them to export without tariffs or quotas.

The third pillar focuses on trade facilitation, which aims to reduce transaction costs by simplifying and modernizing customs procedures, as well as making them more transparent. Significantly, the Agreement ensures the provision of technical assistance to assist developing and least developed economies in implementing these modernizing reforms, to facilitate better integration into global trade.

VII. Major Countries Involved

The United States

Currently, the United States has free trade agreements (FTAs) with 20 countries. FTAs build on the WTO Agreement, providing a deeper level of discipline and more comprehensive provisions than the WTO Agreement. The majority of its FTAs are bilateral agreements between two governments. There are, however, some multilateral trade agreements among several parties, such as the North American Free Trade Agreement, the Transatlantic Trade and Investment Partnership and the Dominican Republic-Central America-United States Free Trade Agreement.

The US was included in the final agreement of the Trans-Pacific Partnership, which was to include countries such as Australia, Japan, and Canada, but not China. This agreement focused on a suite of reforms, which include liberalizing protected sectors, streamlining customs and regulations, strengthening intellectual property protections, promoting competitive and transparent business laws, and enforcing labor and environmental standards. Their goal was to create a fully integrated economic area and establish consistent rules for the unprecedented growth of global investment. However, the US withdrew shortly after the new presidential election, seeing as this agreement had been heavily criticized by both the right and the left.

In 2019, the US signed a joint statement with the African Union, expressing their interest in working with the African Union in order to enhance trade. Moreover, the United States recognizes that the African Union's primary goal is to promote sustainable development and economic integration in the continent.

The People’s Republic of China

As a developing country, China heavily relies on low-cost exports. Its main trading partners are the US, the EU and Japan. China is the perfect example of how beneficial an open market is, lifting more than 800 million people out of poverty and seeing an increase of 9.5% in the yearly GDP, making it the second-largest economy in the world. Therefore, one can only imagine what would happen if sub-Saharan countries were met with the same openness regarding exports as China is. Trade barriers and tariffs with other countries have remained low since 2001, and China is now known as ‘the workshop’ of the world, proving that trade is the key to escaping poverty.

China’s Belt and Road Initiative, started in 2013, looks to increase trade between 2.7% and 9.7%, increase income by 3.4% and lift 7.6 million people out of poverty. It would have connected the African Continent with Asia and Europe, taking a great step towards connecting developing countries with developed ones. However, interest in this initiative has been slowly fading.

The United Kingdom

Following Brexit, multiple measures were activated, so that trade between the EU and the UK could still follow. UK’s economic structure shows that it mostly trades with other developed countries, which often sparks outrage in former colonies, seeing as they were exploited and drained from natural resources in colonial times.

Now, in post-colonial times, ex colonies, such as India, Sudan and Niger are still struggling to enter the global economy, as they are faced with the international trade policies high export rates.

The Cotton Four Countries (Benin, Burkina Faso, Chad, Mali)

The WTO discusses cotton under two complementary tracks: 1) trade aspects, such as multilateral negotiations to deal with distorting subsidies and trade barriers, and 2) development assistance for cotton production and its value chain. Millions of people worldwide are affected by these two tracks due to the clear connections between cotton trade and development assistance in many developing and least-developed countries (LDCs).

Based on the Nairobi Ministerial Decision on Cotton from December 2015, developing and developed countries have agreed to provide duty-free and quota-free market access to cotton and cotton-related agricultural products exported by least-developed countries (LDCs), to the extent permitted by their respective preferential trade arrangements. As a result of the Nairobi Decision on Export Competition, ministers agreed that developed countries would implement the decision to eliminate agricultural export subsidies immediately and developing countries would do so no later than 1 January 2017. WTO members are also recognized for their efforts to reform their cotton policies in the Nairobi decision, but more efforts are needed. Negotiations on cotton have been ongoing as part of the broader negotiations on agriculture.

The Russian Federation

Russia is a crucial trade partner for many European countries, especially regarding natural oil and gas exports. However, following Russia's invasion of Ukraine in 2022, Western sanctions and export controls were established, therefore hindering Russia's international trade.
Nevertheless, Russia has been increasing its trade with African nations since 2016, due to its strong involvement in Africa's arms market. Moreover, large Russian businesses have been considering Africa as a promising investment target, seeing great potential in Africa's energy and mining, agriculture and manufacturing.

Sub-Saharan Africa

Africa's economy would grow much more rapidly if fair trade policies were introduced for African countries to trade with other nations. Its growth efforts have been undermined by unfair trade strategies.
Agriculture, which Africa could compete with, is protected by the US and European Union, making trade in this sector more difficult.
As argued by Poverty Organizations, international communities should not protect their benefits but instead offer preferential market conditions to poor countries for export or agricultural development. It is through this mode of development that 'Poverties' adds that they (African nations) can develop quickly, and the benefits are likely to be diffused throughout the country. Landlocked African countries will benefit directly from this, helping them thrive and alleviate poverty.
If developed countries were as open towards trade with developing countries as they are with developed countries, LEDCs would be able to strengthen their economy. Moreover, their GDP would rise. Therefore, they would be able to graduate their position from LDC to developed countries.

VIII. Questions a Resolution must answer

How could the MEDCs be more respectful of LEDCs rights and needs in a global capitalist system?

How can international trade policies be modified to cater for both rich and poor countries?

How to reform trade policies in order to better support LEDCs?

Who should be held responsible for the isolation of LEDCs from international trade?

How could the council ensure that the new, fair international trade polices be respected by all member states?

Should LEDCs be exempt from/be granted reduced export taxes so that they are more likely to graduate from their status as developing countries?

How to curb protectionist trade policies such as subsidizing national trade and production in order to prevent foreign competition?

IX. Possible Considerations for the Future

The World Bank estimates that reforming the international trade rules may result in 300 million people being able to escape poverty. Not only would this be a major step forward regarding the first Sustainable Development Goal, which aims to end poverty, but it would also subsequently improve the following Sustainable Development Goals, such as no hunger, quality education and clean water and sanitation.

Lowering trade costs to ensure a deeper integrations of markets

Growth and poverty reduction can be achieved through trade facilitation, including implementing the WTO Trade Facilitation Agreement and addressing other policy and infrastructure barriers.

Enhancing the enabling environment.

In order to deliver gains to the poor, trade openness itself must be enhanced and trade costs must be lowered. Complementary policies help maximize the benefits of openness for the poor, including those related to human and physical capital, access to finance, governance, and institutions. By better consulting with the poor and addressing their needs, innovative policy frameworks can improve the enabling environment. For this to happen, greater cooperation across sectors, better coordination across government ministries and agencies, and a wider range of stakeholder involvement is needed.

Integrating policies to intensify the impact on poverty.

Poor and small traders in rural areas can benefit from greater focus on tackling remoteness from markets at the sub-national level, as well as facilitating their activities. The reforms must also address costs generated by an absence of competition, as well as other domestic costs. For integration policies to intensify their poverty impact, it is crucial to promote greater inclusion of women and address the challenges they face differently from men.

Managing and mitigating the risks faced by the poor.

A greater focus needs to be placed on managing the existing risks poor people face that prevent them from taking advantage of trade opportunities. The ability to manage risks effectively can be a powerful instrument for development since it builds resilience to adverse events, while also enabling poor people to capitalize on opportunities for improvement. Trade-related adjustments also play an important role in addressing livelihood risks for the poor.

Improving data and analysis to inform policy decisions.

Many countries continue to have significant gaps in their understanding of poverty, the nature of informal economies, the participation of women in trade, and the constraints related to trade in general. In order to maximize the benefits of trade on poverty reduction, better data is needed to design and implement effective policies.

X. Conclusion

Trade proves to be an often forgotten key element in the development of countries. If it weren't for international trade, countries such as China couldn't have prospered the way they have. However, the polices surrounding trade demonstrate how developed countries protectionism directly affects LDCs. Multiple studies show that reforming these laws would likely lift millions of people out of poverty, making the first sustainable goal more achievable. However, nationalism and protectionism impede this from happening. In order to find a solution, developed and developing countries must compromise and find a solution, which would be beneficial and advantageous for both. This way, the global economy would grow, thus favoring everyone in the long run.

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