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**UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT**



Letter from the Executive Board

Greetings Delegates!

It is our pleasure to welcome you to the academic stimulation of the United Nations Conference on Trade and Development (UNCTAD) of the KIIT Model United Nations. In this committee, we shall be analysing a very challenging and common subject in today's time which is "Reassessment of the current international trade strategies and suggesting efficient structural changes to the trade strategies post pandemic". Please note that this background guide is in no way meant to be an exhaustive guide on the subject, but merely a stepping stone for the rest of your research, which you are expected to undertake independently. Also, not under any circumstances can the background guide be quoted or used as substantial proof in committee sessions. The more information and understanding you acquire on the agenda, the more you will be able to influence the documentation process through debate in committee.

We understand that MUN conferences can be an overwhelming experience for first timers but it must be noted that our aspirations from the delegates is not how experienced or articulate they are. Rather, we want to see how he/she can respect disparities and differences of opinion, work around these, while extending their own foreign policy so that it includes more comprehensive solutions without compromising their own stand and initiate consensus building. New ideas are by their very nature disruptive, but far less disruptive than a world set against the backdrop of stereotypes and regional instability due to which reform is essential in policy making and conflict resolution. Thus, we welcome fresh perspectives for intelligent management of human capital which shall shape the direction of this world. We are looking forward to meeting you all virtually. Don't be afraid to speak up and be heard.

Regards,
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United Nations Conference on Trade and Development (UNCTAD)

The United Nations (UN) Conference on Trade and Development (CTAD) is an important organization within the UN system, and it plays a crucial role in coordinating trade negotiations and providing trade guidance to economies across the globe.

In the 1960s, as the world was becoming increasingly interconnected and global trade was becoming more commonplace, less developed nations felt that the rules regarding trade and development being discussed were one sided. In order to mitigate these concerns, the General Assembly established UNCTAD in 1964 as a permanent intergovernmental organization tasked with addressing the trade and power imbalance between developed and less developed countries. Today, UNCTAD provides a variety of advisory, policy, and support programs to Member States, especially Least Developed Countries (LDCs) and its mandate has continued to evolve through the years.

For the United Nations, trade, investment, and development concerns are dealt with by the United Nations Conference on Trade and Development (UNCTAD). Less developed countries thought the trade and development policies being negotiated in the 1960s, when the world was becoming more connected and trade was becoming more widespread, were biased. In order to redress the trade and power imbalance between wealthy and less developed nations, the General Assembly created UNCTAD as a permanent international agency in 1964. As its mandate has evolved over time, UNCTAD now offers a number of advisory, policy, and assistance programs to Member States, particularly Least Developed Countries (LDCs).

Since it was founded in 1964, UNCTAD has seen its mandate change, giving it a stronger capacity to enhance international commerce and provide more level playing fields for its less developed Member States. Especially with the direct assistance provided to Member States by its programs and the abundance of information and reports produced by its five divisions, UNCTAD plays a crucial role in the implementation of the SDGs.

The initiatives of the body, which operate at the national, regional, and international levels, support nations in:



- Recognizing solutions to problems with macro-development.
- Becoming more successfully integrated into the global trading system.
- Increasing their economic diversity to reduce reliance on commodities
- Reducing their exposure to debt and financial volatility
- Making them more investment and development friendly.
- Broader availability of digital technology
- Promoting innovation and entrepreneurship
- Aiding local businesses in moving up value chains
- Increasing the speed of cross-border trade
- Defending customers from fraud and promoting consumer rights
- Limiting laws that hinder competition, make adjustments for climate change, and make better use of natural resources

The Sustainable Development Goals outlined in Agenda 2030 are used by it and other UN departments and organizations to gauge progress. Together with four other significant institutional stakeholders—the World Bank, the International Monetary Fund, the World Trade Organization, and the United Nations Development Programme—it also supports the implementation of financing for development as mandated by the international community in the 2015 Addis Ababa Agenda.

The Substantive work of UNCTAD is carried out by five divisions lead by the Secretary-General. The Division for Africa, Least Developed Countries and Special Programmes provides policy analysis, technical assistance, and coordinates UNCTAD's activities in over 90 Member States. The Division on Globalization and Development Strategies manages the consequences of globalization on developing nations and provides technical support for developing countries integrating into the international financial system. The Division on Investment and Enterprise produces the World Investment Report and hosts the World Investment Forum. The Division on International Trade in Goods and Services promotes partnerships for trade policy and manages issues including trade and climate change. The Division on Technology and Logistics hosts the United Nations Commission on Science and Technology for Development, manages the Automated System for Customs Data, and provides policy dialogue for and technical dialogue on science, technology and innovation and trade logistics.



Difference between UNCTAD and WTO

The functions of the organization are complementary: The WTO primarily governs global trade rules and adjudication; the International Trade conference (ITC)'s specific focus is to connect Small and Medium Enterprises to Global markets whereas UNCTAD deals with trade policies, regulations and institutions at national, regional and international levels from a development perspective.

Agenda: “Reassessment of the current international trade strategies and suggesting efficient structural changes to the trade strategies post pandemic”

Trade Strategies

Trade strategy is a not a definable or a static concept, but are a set of decisions which directly or indirectly impact the future results. It proportionately affects the invested resources; tangible and intangible, time, power dynamics, international political credibility and the control over the asset stimulation.

In international dynamics, policy analysis is merely a speculation of policies of trade specifically. This is independent of notion that trade is only done for tangible or intangible profitable purpose, a clear exception being dominance. Trade policy are a superset of numerous objective decisions like import and export duties, foreign exchange rate, import tariffs, import quotas, voluntary export restraints, export taxes, export subsidies, and so on. which are not in a unified direction but are expected to act as a cumulative measure of intended development and growth. In the 1980s and 1990s, as trade barriers were liberalized, especially between 3rd tier nations, enough attention was paid to the impacts of certain domestic policy types, including their international effects.

For instance, in the United States of America there is high level of sensitivity regarding labour and environmental impacts of trade policies of the overseas trade institutions. Considering the environmental policies, some have argued that liberalistic environmental regulations in many 3rd tier countries give private sectors operating in those states a competitive edge in comparison of firms operating in the United States. Similar argument is used in regard to labour practices. Many U.S. industry representatives argue that low foreign wages, lenient occupational safety regulations, and in some cases the use of



child labour or prison labour give some countries a marginal conflicted deviation in international trade arenas.

For low magnitude and lowly developed markets, domestic policies solely determine the impact on domestic prices, production levels, trade flows, and welfare but *will be independent of* foreign pricing system, production capacity, and welfare evaluation. This means that countries with high market valuation like the United States do not need to be concerned of market state in small countries and thus would not affect their production capacity. However, for country with a higher market valuation in international markets, domestic policies will affect prices, production levels, profits, and welfare. Size of the market is directly proportional to the resistance against international fluctuations, in a state's economy. Since United States America's economy is 20 trillion dollars and Japanese economy is 4.8 trillion dollars, this implies that the American economy would be able to withstand 4 times the impact, cost if in case the Japanese economy fails.

Types of International Trading System:

- 1) Export Trade: Export trade is commodities manufactured in one state if purchased by any actor not acting in the same jurisdiction.
- 2) Import Trade: Import trade is commodities manufactured in one state if purchased by any actor acting in the same jurisdiction.
- 3) Entrepot Trade: It is when commodities produced in one territory is exported to another state with no intention of sale or consumption but only to be exported to targeted state. Example- Indian artistic goods which are to be evidently sold in Middle Eastern nations, are first sent to UAE only to reduce the cost of direct sale, since a Middle Eastern market is closed by principle but consumption is dependent on whatever is available.

In aforementioned example regardless of the market structure, consumers will be either bound to or willingly purchase Indian goods because of availability of the same at cheaper costs.

Review of International trading system:

The international trading system is not a tangible concept. However, elements of this system are primarily tangible.

International trade combined all over the world along with short- or long-term impacts on collateral spaces such as environment, resources etc is summarized as an international trade system.

Current trading system cannot be mapped out since structure of markets, and global policy towards elements of trade is dynamic. For example, India



and Pakistan are in dispute regarding Kashmir. However, India being one of the biggest exporters of Pakistan Himalayan Pink Salt.

Regardless, international trade experts have established numerous speculations regarding strategies used by different states. It takes no diplomat to realize that assertion of trade policies is merely an assumption of what states are trying to implement. For instance, China increasing its investments in Asian nations is just an action; however, the observation of the hidden intention is what qualifies it as a strategy.

Some might say it is done due to increased partnership and to establish a unified Global South. Yet, it can be also drawn as an inference that it is done to assert regional dominance over Asian states not to establish trade relations with the United States.

When we consider the separatist idea of subjective conclusively, we also recognize the elements of politicized agendas of one country's dominance altering the market presence and capacity of another country, affecting their trade policies domestically and internationally and thus deviating the trade strategies being implemented by the inter-governmental organizations like WTO, UNCTAD and World Bank.

What happened to international trade in 2020 and 2021?

Some of the greatest decreases in trade and output volumes since World War II were observed in the year 2020. In the first half of 2020, global industrial production and goods commerce both declined at rates comparable to those seen at the height of the Global Financial Crisis (GFC). However, they appeared and vanished more swiftly, which allowed for a V-shaped rebound in 2020. The trade sector grew rapidly in 2021, offsetting some but not all of the losses resulting from earlier sharp drops.

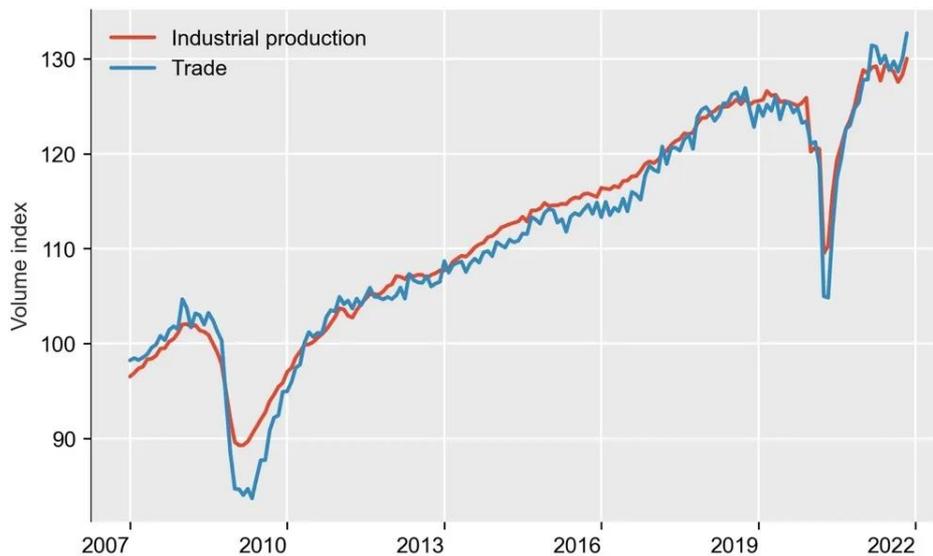


Figure 1. Volume of world trade and industrial production

The relatively strong success of overall commerce, however, masks significant variations among products, industries, and trading partnerships. Not all items were affected equally by the early 2020 trade collapse, and not all aspects of the world trade system were helped equally by the rising tide. The effects of trade on certain goods, services, and trading partners paint a very diversified picture and put far more pressure on certain industries and supply chains than they did during the Great Recession.

Trade in services experienced a greater decrease in 2020 and has been rebounding more slowly than trade in products. Unsurprisingly, commerce in services related to travel and tourism experienced a sharp decline, whereas trade in services that are offered digitally—such as telecommunication and information technology services—has soared. In the OECD countries as a whole, the value of exports of services fell by -16.7% in 2020, which is twice as much as the value of exports of commodities, which fell by -8.2%. As services make up a higher portion of the economy than they do in international trade, this was another element underlying the relatively substantial adjustments in output relative to those in trade.

While commerce in some goods and services drastically decreased, it significantly expanded in others. The composition of trade in goods saw major change: while trade in some products—such as steel, petroleum, vehicles, aircraft, and mechanical machinery—declined, trade in others rose.



period in 2020. Early in 2020, some of the biggest suppliers experienced negative growth rates, but these turned positive throughout the year.

Coming into 2022 the dust seems to have settled, however there is a greater question poised before the committee. The pandemic brought out many grievous cracks in the international system that all countries had come to accept taking part in and with them already exposed there is barely any point of turning around without making substantial changes, especially with the setbacks made to the sustainable goals set for 2030. From the impact to the global economy by the Russo-Ukrainian conflict to the failing economies of the third world as exemplified by Sri Lanka, the world cannot continue to chart the course it has set out in.

Case Study – Germany (2019 Vs 2022)

Germany as one of the prominent members of the European Union and one of the highest global refugee intake states is always in an awe for higher amount of resources which serve as the driving force of their extreme importing nature. This changed post-pandemic as by the speculation of statistical data, Germany has become a marginally higher exporter than an importer. If observed in tandem to the current situation of post-pandemic economic recovery, an inference can be drawn that it is done to stabilize the situation of economy. This decision severely impacts smaller members of the open European market, hence making UNCTAD become active in the current trade development scenario. By the nature of WTO, it acts as a catalyst by providing states an open platform for promotion of trade. However, UNCTAD need to make suitable and intentionally favourable policies to make it favourable for Germany to be able to trade in the similar capacity as it used to back in 2019.

This responsibility to create favourable policies shall be equal and unbiased towards all member states, considering it is the sole policy making organ regarding trade in united nations system.



Economic concepts to keep in mind:

- Basis of Valuation
- Valuation of Concepts
- Purchasing power parity and proportional foreign exchange
- Intent of economic actions
- Invaluable consequence of economic actions
- Types of contract
- Basis of recognition of a conflict
- Factors of trade strategy
- Status quo
- Quid pro quo
- Capacity and capability building
- Efficiency vs Effectiveness
- Metabolism ratio and acceptance ratio
- Public private partnerships
- Type of economies

Points to Consider

- Are the current trade policies viable after the tectonic shifts in the production capacity and country's growing requirements
- Recognizing the need of amendments in current trade policies.
- How do you recognize which areas of trade policy require changes and what would be the factor and magnitude governing it
- What impacts as Covid donned upon international trading system and the shift in intention of trade?
- Questioning the future possibility of tax-less or tariffed trade mechanisms
- How to ensure that current trading structure require what kind of changes to make it efficient and to maintain a healthy balance between effective and efficient functioning
- Deliberate upon the balance between the global north and the global south
- Understanding the complementing nature of action in the international geo-politics between different tantalizing and over-powering nation states and their need for domination



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