



# MODEL UNITED NATIONS

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# **DIRECTORS WELCOME LETTER:**



Dear Delegates and Faculty Advisors,

It is my pleasure to welcome you to the American University of Sharjah Model United Nations (AUSMUN) 2020. This conference has been the home of fruitful debate, practical resolutions, dedicated moderators, spectacular delegates, and diligent advisory and executive boards for the past twelve years and is continuing to do so for its thirteenth year. With 1000 delegates registered from more than 45 national and international educational institutions, this conference will be the biggest one yet!

This year's theme 'Embracing Diversity, Shaping the Future' has been designed to capture the essence of issues that surround our globalized society. Even though we have come this far in time, there has been little to no improvement in accepting diversity as portrayed by the latest atrocities in several countries around the world. However, the future can be successfully shaped for us, the youth, only by embracing diversity in every sector of life and we hope to draw attention to this.

This background guide has been formulated by our hard-working chairs and the research team to provide delegates with the starting point of their preparation for this three-day conference. The guide is initially divided into two sections based on the two topics and is further split into logical components. Firstly, the Summary and History section acts as an introduction to the issue by highlighting important events, terms, history, and global implications. Secondly, the Discourse on the Issue section establishes a link between the issue, its implications, significance, and the United Nations Charter. Lastly, the Past International Organization (IO) Actions and Latest Developments section elaborates on the previous action that has been taken and latest development in terms of the last actions taken with regards to the issue. At the end of each issue, delegates will find sections of Questions the Discussions and Resolutions Should Address and Suggestions for Further Research that aim to streamline the process of delegate's research. However, in order to grab a better understanding of the topic and be able to position yourself better to participate during the conference, it is advised to go beyond the background guide since this guide does not encapsulate enough information to be sufficient for every country and is only a brief introduction to the issues at hand. It is highly encouraged for delegates to view the 'Delegate Handbook' on the AUSMUN website and the 'How to Research' video on YouTube created by AUSMUN.

Finally, I would like to extend my sincerest gratitude to all the contributors to this background guide. It is the collaborative work of the Moderators, AUSMUN Research Team, and the AUSMUN Media Team. On behalf of them all, I truly hope that this guide will be of great help to you.

All the very best for the conference and if you have any queries or concerns, please do not hesitate to contact me at [research@ausmun.com](mailto:research@ausmun.com).

Sincerely,  
Manaswi Madichetty  
Director of Research  
AUSMUN 2020

# **MODERATORS WELCOME LETTER:**



**Parham Dadashpour**

**Artemis Zadeh**



**Ameera Hamdan**

**Muhammad Annas**

Dear Delegates,

It is an honour to welcome you all to AUSMUN 2020 and to welcome you especially to the World Trade Organization (WTO) committee. We are all looking forward to meet you, interact with you, and communicate with you. In this committee we will be tackling two important topics. The first topic is 'Strengthening the Transatlantic Trade and Investment Partnership', and the second topic is 'Brexit: The aftermath.'

Formed in 1995, the World Trade Organization (WTO) is an organization which regulates the trade relationship between countries and tries to remove barriers to benefit all -parties. This organization has 164 members and WTO regulates 98 percent of trade within these countries. The main focus of WTO is on trade monitoring by introduction of different trade policies. WTO also has a special vision for developing countries and economies by means of aiding different trade initiatives.

The Transatlantic trade and Investment Partnership (TTIP) is a trade agreement between the United States and the European Union countries which aims to counter the recession in these nations. Moreover, Brexit will have many consequences for the United Kingdom, of which the most important one is economic. This committee will look more in-depth into these two topics. We are all looking forward to meeting you in February 2020 and we hope that you enjoy the conference to the fullest. Use this background guide as a base for drafting your position papers.

If you have any questions or concerns, feel free to contact us through [wto.ausmun2020@gmail.com](mailto:wto.ausmun2020@gmail.com)

Sincerely,  
the WTO Chairs.



**WTO**

**World Trade Organization**

# Topic I

## Strengthening the Transatlantic Trade and Investment Partnership

### 1. Summary & History

The Transatlantic Trade and Investment Partnership (TTIP) is a trade proposal between the United States of America and the European Union – the world's two largest economies. Combined, both these nations contributed to about 42% of the world's GDP in 2018 (18.8 trillion U.S. Dollars was the EU's figure while the U.S.A. had a slightly higher value of 20.5 trillion U.S. dollars). TTIP is based on three pillars of Deregulation, Privatisation, and Corporate Courts with the aim of countering the recession in Europe and the U.S.A.

TTIP is different from other international trade agreements such that the deregulation does not aim to reduce border tariffs and border control, rather it aims to remove inspection barriers that make trade in one of the concerned nations difficult. Privatisation is when a business transfers into the private sector from the control of the public. Under TTIP, services like the National Health Service (NHS) will be permanently privatised. The corporate courts will equip companies to sue any government in a corporate court for loss of profits. This is known as Investor-State Dispute Settlement (ISDS) and has drastic effects on the economy as well as the democratic structure of the state. Africa is a prime example. African states have been ordered to pay 4.6 billion U.S. dollars since 2013 and one-third of the 106 arbitrary claims remains unknown, signifying that this number is much too high. However, this amount itself is twice the GDP of the Central African Republic and thrice the GDP of Gambia in 2018 (European Commission, 2013). The African case study also tells us that states have lost the majority of these cases, specifically, the investors' claims were upheld in 64% of these cases. *TransCanada vs U.S.A.* and *Vettenfall vs Germany* are two other such examples.

TTIP deals very little with actual trade and more with the regulations related to trade. It is in fact a free trade agreement which advocates for less regulation of goods. For example, the E.U. tests oysters by measuring the temperature of the oysters itself, however the U.S.A. tests them by measuring the temperature of the water surrounding the oysters when they are fished out. While both these methods yield the same result and no one way is better than the other one, bureaucratic red tape is the reason why oysters fished from the U.S.A. cannot be traded in the E.U. and vice versa. Moreover, trade regulations are directly related to international trade standards, and the E.U. and the U.S.A. both have very different standards in many sectors, including the food industry. Hence, the goal of TTIP is to eliminate tariffs and all other trade barriers which would also result in an increase in direct foreign investment for both the E.U. and the U.S.A.

On a national level, TTIP aims to produce two million jobs while lowering transaction processes for consumers and boosting the combined GDP by 1%. Whereas, on an international level it could very well diminish the bilateral and multilateral trade deals both the parties have with other nations such as Canada and Mexico. TTIP could also turn out to be a building block towards improved functioning of the WTO or it could jeopardise its standing entirely.

## **2. Discourse on the Issue**

The above-mentioned oysters' example is one which can be solved easily as none of the parties are losing any measure of quality from their products, however this becomes an issue when standardization come into play. For example, the E.U. prohibits injecting hormones into cattle for sale and using genetically modified crops. However, the U.S.A. has no such restrictions. This leads to an obvious answer that the cattle bred and crops raised in U.S.A. cannot be sold in the E.U. due to their quality control. Similarly, the E.U. bans cosmetics that have been tested on animals, while there is no such regulation in the U.S.A. There is in fact no possibility of standards being harmonised unless a compromise is made from either of the two parties, which is highly unlikely.

The introduction of TTIP would also threaten protectionism for most of the E.U. countries. As international trade increases, there is always a risk to protectionism. However, TTIP would turn the risk into a full-fledged reality. If agreement falls through staple products, like with Parma ham in Italy, they will no longer remain staple goods and this is a violation of protectionism in Italy.

Furthermore, the introduction of TTIP would also affect trade in Asian countries. As the partnership strengthens trade in the Western region, developing nations such as India are projected to see a decline in their international trade. TTIP would also put pressure on international trade in China. Projections show that if the partnership agreement falls through, U.S.A. and E.U.'s trade with China will decrease exponentially and this in turn would affect the entire global economy.

## **3. Past International Organization (IO) Actions & Latest Developments**

The Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) will undoubtedly change the WTO laws and regulations. The European Union has made some developments on the TTIP and the topic of sustainable development. The position paper suggested by EU includes a model of progress that would resolve the issues surrounding social development and economic growth. The EU will be committed to these developments by engaging with partners to design and modify its policies. The EU has also assured that these developments would not affect labour rights. Hence, the TTIP negotiations should also include members from International Labour organization (ILO) in order to ensure the labour rights (European Commission, n.d.).

## **4. Questions the Discussions and Resolutions Should Address**

- How does the TTIP affect the US and EU countries?
- How does the TTIP affect trade worldwide?
- How can WTO monitor TTIP?
- How will TTIP affect small business owners?

## **5. Suggestions for Further Research**

- WTO and TTIP relationship
- Trade and sustainable development EU paper
- TTIP and tariffs



# Topic II

## Brexit, the aftermath

### 1. Summary & History

Founded in 1995, the World Trade Organization (WTO) has been responsible for monitoring tariffs and trade barriers around the world. The primary purpose of WTO is to have open trade for the benefit of everyone. Removal of trade barriers and having measurement quotas that restrict trade are the two most important concerns for the WTO. Brexit stands for British exit, which refers to the United Kingdom (UK) leaving the European Union (EU). The EU is comprised of 28 European countries. UK had joined this Union in 1973 which if it leaves, would be the first country that leaves the EU since its establishment. A referendum had been held on 23rd June 2016, that determined whether UK should stay or leave the EU. With more than 30 million voters, leaving the EU was favored by the people. One of the main reasons that this referendum had been favored is that the British people were not happy with EU decisions concerning their country. Brexit was due to happen on the 29th of March 2019, but the EU accepted to further increase the deadline up until the 31st of January. If the UK would leave the EU without a deal, which refers to as "no-deal" Brexit, there would be severe consequences to the move. The most important consequence would be effects on the trading flexibility of UK with other European countries. Staying with the EU allows UK to trade goods and other consumer products easily without any barriers (BBC, 2019). Exiting the Union would possibly make UK unable to have tariff-free trades under World Trade Organization rules. This inability could lead to inflations in currency exchange rates. In addition, it could also increase the price of imported goods from the EU to UK. The current Prime Minister of United Kingdom, Boris Johnson, had changed parts of the existing deal that haven't yet been approved by the parliament. One of the most important changes made by the Prime Minister was with regards to trade, where the revised band would allow UK to implement its own trade agreement with other countries that is trading with (BBC, 2019).

### 2. Discourse on the Issue

The most notable effect of Brexit would be the increase in price of imported goods from countries in the EU. Food is one of the most important imported goods from the EU, making up around 30 percent of the UK's food consumption. According to the 'UK Balance of Payments,' 9 out of 10 of UK's top trading partners are European countries. Previously as member of the EU, UK would have been required to pay extra tariffs or taxes for imported goods from the EU and no custom checks would have been required on such products. However, after Brexit, UK would need to consider and adopt the same processes for trading with EU countries as it does with the rest of the world. This change would significantly reduce its flexibility in trade. Due to Brexit, checks at the border and at customs on ports and docks would increase. This rise in turn, would cause increased traffic, low trade rates, and decreased trade efficiency. Brexit would not violate the UN Charter Agreement and would most seriously affect the British people. With the Brexit agreement, the most affected countries would be the ones having shared land borders with the UK and the countries with the most imports to the UK. In the global context, Brexit would not have a huge impact on other countries but it might affect the nations that use Pounds for their main currency. Moreover, some British Territories around the world might also be affected by Brexit (BBC, 2019).

### **3. Past IO Actions and The Latest Developments**

In April 2019, WTO members called upon its EU and UK members to resolve the market access concerns and price increases that would result from Brexit. The meeting lead to adjustment of the tariff rate quotas (TRQs) which could then benefit both parties. It had been stated that by apportioning and adjusting the existing TRQs, smaller quantities of exports would not be commercially viable for traders (WTO, 2019). Boris Johnson revised Brexit deal was developed in a way that could further neutralize the effects of exiting from the EU. Most of the changes in the deal dealt with Irish border concerns after Brexit. For example, Northern Ireland would keep the EU rules for trade rather than the UK rules and this would remove the need for checks on goods on borders between Ireland and Northern Ireland, which would lower traffic and tariff costs (BBC, 2019).

### **4. Questions The Discussions and The Resolutions Should Address**

- Would “No-Deal” Brexit be beneficial for UK?
- Is the ‘Operation Yellowhammer’ plan sufficient to tackle the Brexit issue?
- Do the benefits of Brexit compensate for the Divorce Bill amount?
- What are the effects of Brexit on countries other than the United Kingdom?

### **5. Suggestions For Further Research**

- No deal Brexit
- Article 50
- Operation Yellowhammer
- WTO – Council for trade in goods.

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