

# **Horace Mann Model United Nations Conference XXII**



**World Trade Organization (WTO)  
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Dear delegates,

Welcome to the World Trade Organization at the 2007 Horace Mann Model United Nations Conference! We hope you are all excited for what should be a wonderful experience.

This background guide has been carefully prepared and outlines the topics we will be discussing at the conference. The guide, however, should only serve as the starting point for your research. While it will give you a basic overview of the topics, additional research is crucial to truly understanding the topics. We urge you to utilize books, websites, and newspapers in order to play an active role in committee. Delegates must fully comprehend the topics themselves, their country's position, and possible solutions to the issues.

Delegates will be expected to arrive at the conference prepared to debate, discuss, and most importantly, compromise. Apart from research, all work should be completed at the conference. Pre-written resolutions are strictly prohibited at HoMMUNC, as in any form of plagiarism. Please abide by all the rules of the conference in order to ensure the success of the WTO.

We look forward to a terrific committee session that will be both fun and productive. Good luck to all of you! If you have any questions or concerns, please do not hesitate to contact either of us.

Best Wishes,  
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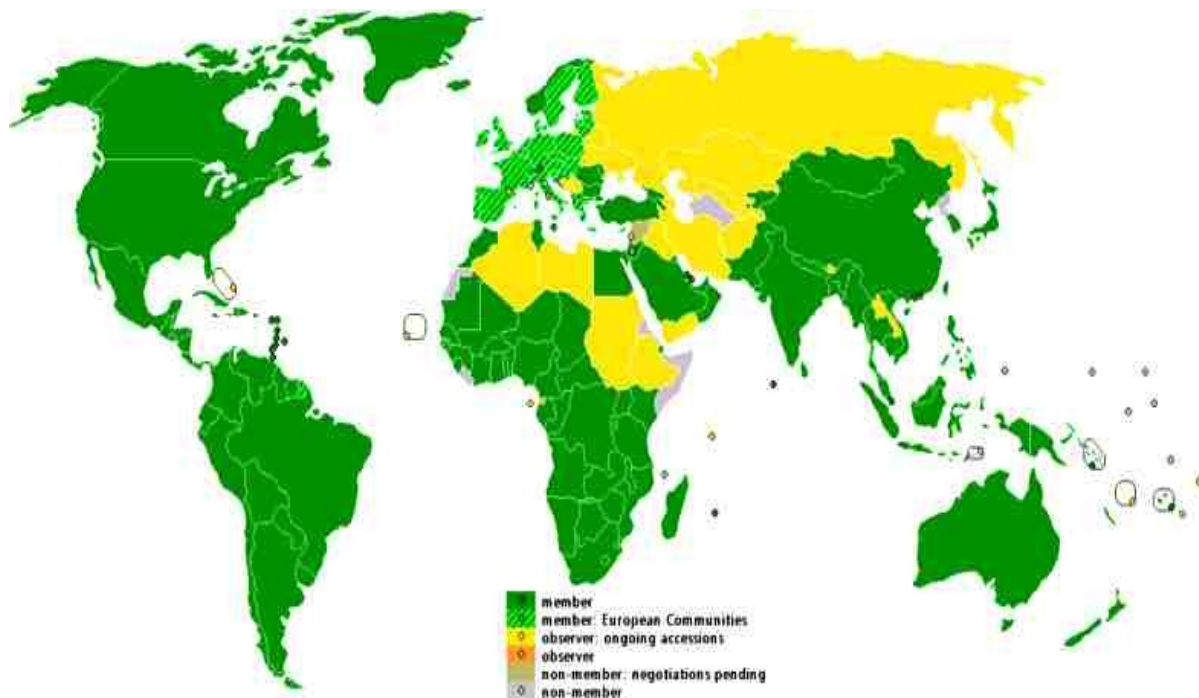
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### History of the Committee:

The World Trade Organization was established in Geneva, Switzerland in January of 1995. Its primary goal was to aid both producers of goods and services as well as exporters and importers conduct their business. Today, WHO is the only international organization that deals with the rules of trade between nations.

The body's main functions are acting as a forum for trade negotiations, providing technical aid and training to lesser-developed countries, observing trade agreements, dealing with and resolving trade disputes, administering national trade policies, and cooperating with other international organizations.

As of the beginning of the year 2007, there were one hundred fifty one member nations in the organization. This body's budget is one hundred eighty two million Swiss francs for the year.



A depiction of WTO member nations, observers, and non-member countries.

# TOPIC ONE: Completing the Doha Development Round

## INTRODUCTION

In 2001, the World Trade Organization began a round of negotiations at a meeting in Doha, Qatar with an aim of universally decreasing trade barriers to allow and encourage free trade between countries of varying levels of prosperity. The Doha Development Round of negotiations has been delayed and is currently a pending process of the WTO, due to multiple disagreements between developed and developing member nations, specifically including the United States, the European Union, Japan, India, China, South Africa, and Brazil. The negotiations were set to resume in 2007, yet a consensus still has not been reached, forcing the self-imposed deadline of the WTO to be pushed back. Ministerial-level discussions have been held since the meeting in Qatar, where updated versions of the Ministerial Declaration of the Doha Round have been drafted, yet nothing the organization has done thus far can be considered final and definitive.



The current Ministerial Declaration places heavy importance on the fact that the body is mainly comprised of developing countries, emphasizing that the organization would only act in the best interest of all its members nations. However, developing countries who were devastated by the previous round of WTO negotiations, The Uruguay Round, suspect the Doha Round of maintaining the same fatal flaws as the organization's previous attempts.

The round suggests various ideas, alternatives and/or improvements to current, poorly-practiced or non-practiced mediums of trade. It provides a mandate for negotiations on a range of subjects and covers twenty-one broad topics, all of which appeal to both developed and developing nations.

## SUBJECTS COVERED UNDER THE DOHA DEVELOPMENT ROUND

### Agriculture

The long-term agricultural goal of the round is to build a fair trading system, oriented around the market, through a detailed program of reform, including plausible rules and more specific commitments on support and protection, in order to ameliorate as well as prevent restrictions and difficulties in current world agriculture markets.

The round aims to achieve substantial market access reductions, reductions of all forms of exports subsidies, and reductions for supports that distort trade (domestic support).

### Services

The round strongly encourages member governments to engage in negotiations to

help liberalize trade in services as well as reaffirms the negotiating guidelines and procedures set forth by the Services Council.

#### **Market Access for Non-Agricultural Products:**

The round introduces the launch of tariff-reducing talks on all non-agricultural products. The goal of these talks is to cut or eliminate various forms of trade barriers, including high tariffs, tariff peaks, tariff escalation, as well as non-tariff barriers. The removal or reduction of non-tariff barriers would apply in particular to the export interest to developing countries.

The negotiations fully take into account the special needs of least-developed nations, cognizant of the fact that these countries are not responsible for matching or reciprocating in full tariff-reduction commitments by other nations.

Participating nations must reach some sort of consensus on a method of reducing tariffs. In the past, nations have agreed on mathematical formulas to cut tariffs as well as methods to reduce tariffs product by product. Whatever the negotiated procedure, any action would have to include studies and measures that would allow least-developed countries participate in an effective manner.

#### **Trade-Related Aspects of Intellectual Property Rights (TRIPS)**

Intellectual property rights are the rights given to persons over their creations. Inventors are generally given credit and an exclusive right over the use of his/her/their creation for a period of time.

TRIPS covers copyright and rights related to copyright, which are rights given to authors, performers, producers and broadcasters. Industrial property rights, credit given to emblems and trademarks, geographical indications of goods, etc. are also protected under TRIPS.

The aim of intellectual property rights is to provide incentive as well as a method to finance technological advancement and cultural development. TRIPS discusses five topics in respect to intellectual property rights: how standard principles of the trading system and other international intellectual property agreements should be enforced, how to provide sufficient protection to intellectual property rights, the best approach countries should take in enforcing those rights adequately in their territories, ways in which to settle disputes between members nations of the WTO over intellectual property rights, covering special transitional arrangements for period when the new system is being introduced. The agreement also facilitates the trade of technology in the form of foreign direct investment, joint ventures and licensing.

The TRIPS agreement must be implemented and understood in a manner which supports public health by promoting access to medicines as well as the creation of new medicines. This point must be stressed in reply to an idea that the TRIPS agreement prevents member nations from acting in favor of public health.

#### **Trade Facilities**

The intended goal of the negotiations on trade facilitations is to improve technical support, aid, and capacity boosting in the areas of Freedom of Transit (GATT Article V), Fees and Formalities Connected with Importation and Exportation (Article VIII), and Publication and Administration of Trade Regulations (Article X).



## **WTO MANDATES, RULES, AND NEGOTIATIONS**

### **Anti-dumping and Subsidies**

“Dumping” refers to the act of lowering the price of a product when exporting the goods while keeping the price the same (or even inflated) on the home market. Many believe this practice to be unfair, but the World Trade Organization has generally remained impartial to the controversy. The body’s intent is to establish a mandate to ascertain how governments may or may not react to dumping practices. Although similar WTO agreements have been made in the past, the Doha Development Round wishes to take into account the well being of developing countries, something previous agreements have never truly considered.

A specific aspect of dumping that has been subject to crucial debate within the negotiation and its members has been subsidies for fisheries, which is an extremely important sector to developing countries. The representatives of these nations have urged participants to attempt to clarify and improve WTO disciplines regarding this topic.

### **Regional Trade Agreements**

The subject of regional trade agreements is one of the most controversial obstacles preventing this body from finalizing the Doha Round. The WTO mandates that regional trade agreements (RTAs) must meet certain conditions. These rules have proven to provoke problems in the past, as countries have interpreted the wording of these conditions in ways the authors had not intended them to.

As a topic that could potentially benefit all member governments, tackling the challenge of regional agreements must be undertaken in order to find common ground on the matter. If a solution can be reached by all member nations, as promised under The Doha Round, these agreements could make a huge dent in fostering development worldwide, seeing that RTAs have become very prominent features in the Multilateral Trading System (MTS).

As of today, there are almost four hundred regional trade agreements implemented worldwide, ninety percent of which are free trade agreements and partial scope agreements while the other ten percent are customs unions.

### **Trade and the Environment**

Environmental agreements outline trade obligations for participating countries. This body must discuss the relationship between existing WTO mandates and those obligations that the environmental agreements have created, seeing that many member nations of the WTO are part of various environmental agreements as well.

An agreement within the WTO has been made to eliminate or reduce tariff and non-tariff barriers to environmental goods and services.

### **Electronic Commerce**

The WTO is currently in the process of determining how electronic trade should be handled under the conditions provisioned under the Uruguay Round and other agreements of this body. The WTO would like to establish various guidelines for electronic trade policy, noting that the internet and other electronic sources have become a vast arena of trade today.

### **Small Economies**

The WTO recognizes the fact that small economies are at a disadvantage when it comes to participating in world trade due to either lack of natural resources or lack of economy of scale. The Doha Round seeks to find ideas that would improve the union of small economies into the global market.

### **Trade, Debt, and Finance**

The WTO, through the Doha Development Round, hopes to find a number of different trade-related solutions to ameliorate debts for countries suffering from external debt complications.

### **Trade and technology Transfer**

The WTO supports the exchange and transfer of technology between developed and developing nations, but has thus far been unclear about the types of measures that should be taken by the body in order to encourage such exchanges. Another setback is the lack of innovative ideas as for how these transfers would be carried out.

### **Technical Cooperation and capacity Building**

Under the Doha Declaration Round, the Secretariat of the United Nations is intended to work in conjunction with various relevant agencies to encourage developing nations of the WTO to regard trade as a main solution for reducing poverty and to include trade measures in their strategies for development.

Also under the agenda, priority is given to small, unstable, and transition economies as well as to members and observers that do not have permanent delegations in Geneva.

### **Least Developed Countries**

WTO member nations must move towards the goal of duty-free, quota-free market access for the goods and products of the LDCs.

*“Good trade rules will not resolve many of the most pressing problems facing developing countries, but good rules can help. And bad rules can inflict serious damage.”*

–from 2005 Human Development Report of the United Nations

## **THE TWO SIDES**

Whether in the form of tariffs, quotas, or trade-distorting subsidies, many nations around the world implement trade barriers in one shape or another. The WTO and other organizations seek to diminish these hindrances and liberalize world trade. Classical economic theory argues that trade barriers do not fairly nor efficiently allow resources and production to be allocated. Free trade gives countries the opportunity to properly utilize their advantages and resources, increasing the level of economic output. Under free trade, services as well as goods are cheaper, likely enhancing economic growth

However, some nations argue that free trade through trade liberalization could possibly be devastating to developing countries. When trade barriers are lowered, the adjustment of prices becomes a main concern for domestic economies. Additionally, the decrease in competition between goods and services may lead to unemployment and the unequal distribution of resources.

Those who are opposed to trade liberalization, believing it not to be the best interest of developing nations, are generally in favor of ‘trade justice’ or ‘fair trade.’

Often among those in favor of trade justice rests the notion that rich and powerful countries generally pursue the adoption of trade policies that place profits before the needs of developing countries and their people. For the most part, those who endorse trade justice over trade liberalization act according to three main aims:

1. Governments, especially those of developing nations, should have the right to make their own decisions regarding poverty and the protection of the environment
2. Export subsidies that undermine farmers in developing countries should be ended
3. Legislation should be developed in order to avoid corporate actions that may be detrimental to people and the environment.

Campaigners for the Trade Justice Movement (TJM) emphasize their opinion that the Doha Round should exclude important agricultural products and water services from trade liberalization.

Many NGOs believe that some of the world's developed nations are pressuring developing countries to accept unfair, disproportionate factions of trade liberalization and continuously excluding a number of these states from important decision-making negotiations. NGO's also strongly abhor the brinkmanship (or what the NGOs perceive as brinkmanship) of developed nations in the context of WTO negotiations and actively speak against it.

#### **Pro-Trade Liberalization**

Countries in favor of full trade liberalization all believe that the method will drastically aid developing nations' economic situations. Various statistics from done in global trading market studies show that the complete removal of all trade barriers is the only manner by which to allow developing countries to see monetary advancements in their trade systems.

#### **Pro-Trade Justice**

This method, preferred by most developing nations, various NGOs' and a select group of developed nations, supports a multilateral, rule-based, international trading system. 'Fair trade' is thought to give the most leg-room and autonomy to developing economies so that they can control their own economic futures.

### **BLOC POSITIONS**

#### **European Union, United States, and Japan**

The EU, the United States, and Japan are all pro-trade liberalization. The three countries have been relentless in their fight for the method and are seen by other member governments as the reason an agreement has not yet been reached. While these developed nations are pushing for free trade, they are met with strong opposition from lesser developed nations, critics, and NGOs.

#### **India, South Africa, China, Brazil, NGO's**

These nations believe that the developed nations (EU, US, Japan, etc) will never follow through with their claim to completely liberalize trade. They feel that the developed countries support trade liberalization in order to fool the public into believing that these powerful governments want to aid developing states. Countries such as India and Brazil strongly believe that developed nations have no interest in creating a working development program. At most, they expect that the countries in support of free trade will

decrease barriers to a degree, yet never completely lift them.

### **United Kingdom**

The UK supports a market-oriented multilateral trading system but also shows concern for social, economic and environmental sustainability. The country has championed the idea of treating developing nations specially while seeking recognition for non-trade concerns such as strict regulation of export credits for agricultural products, food aid, and particular export practices of state-owned enterprises, animal welfare, and protection of geographical indications. The is part of a group of countries known as the “Friends of Multi-functionality” (including Japan, Norway, South Korea and Switzerland) who all share similar views.

### **Australia**

Australia is interested in reducing the obstacles to agricultural trade. The country has been particularly critical of export subsidies, attacking the idea of multifunctionality as a “cloak for continued protectionism.” While in agreement with some member developing countries, the nation has been more active in pursuing its interests through the G-20 group.

## **QUESTIONS A RESOLUTION SHOULD ANSWER**

Any resolution produced in this must committee should address a number of issues, a number of which are mentioned below. Solutions to the issue at hand must be based on compromise in order to ensure the well-being of all peoples around the world.

- How can the WTO gain the trust and support of developing countries that have thus far had doubts about the organization?
- How can member countries reach a compromise and bridge the gap between nations of varying economic prosperity?
- What methods can be implemented to support the interests of both developed and developing nations?
- In what ways can the Doha Declaration be revised to better encompass the desires of various countries throughout the globe? What new material can be added?
- How can the WTO ensure the implementation of the decisions made under the Doha Development Round?

## **LIST OF RECCOMENDED SITES**

This background guide will not suffice as your only source of research. Every delegation is expected to be familiar with its nation’s position, requiring more information than this background guide offers. We also recommend that delegates be familiar with the positions of other member nations, as it will immeasurably aid arguments in committee. Here are some sites (by no means a limiting list) that should help you get more comfortable with the content of the Doha Round and your various countries’ positions on the issue:

<http://siteresources.worldbank.org/INTARD/Resources/ReformingAgTradeVolume1.pdf>

<http://www.ipu.org/pdf/publications/brussels04-e.pdf>

[http://www.wto.org/english/tratop\\_e/dda\\_e/dohaexplained\\_e.htm](http://www.wto.org/english/tratop_e/dda_e/dohaexplained_e.htm)

[http://www.wto.org/english/thewto\\_e/minist\\_e/min01\\_e/mindecl\\_e.htm](http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm)

## TOPIC TWO: Critiquing and Reforming The Agreement on Technical Barriers to Trade

### INTRODUCTION

The difference between a trade standard and a technical regulation is in regards to compliance. Trade standards were discussed in the previous topic, while trade regulations are the topic of this debate. While conformity with standards is voluntary, technical regulations are mandatory by nature. If an imported product does not meet the requirements of a technical regulation, it will not be able to be sold. With standards, non-complying imported products will be allowed on the market, but manufacturers or corporations may suffer if consumers prefer the products that observe with local standards.

The Agreement on Technical Barriers to Trade, negotiated as a part of the Uruguay Round of the General Agreement on Tariffs and Trade, went into force in 1994. Since that time, there has been much talk of amending the so-called “flawed” system which is seen, by some, to better serve the interests of developing nations.

The main objectives of the agreement are the protection of human safety and health, protection of animal and plant life, protection of the environment, prevention of deceptive practices, quality control, and trade facilitation. Examples include the labeling of cigarettes as harmful to one’s health, the enforcement of endangered species laws, and the requirement of fruits and vegetables to reach a specific size before being marketable.

Recently, the number of technical regulations and standards adopted by countries has increased exponentially. Higher standards of living worldwide have led to increased regulatory policy and have also widened consumers' demand for safe and high-quality products. Additionally, water, air and soil pollution, have encouraged societies to explore



environmentally-friendly products and manufacturing methods.

Regulations and product guidelines commonly vary between countries. Standards are necessary for a vast array of reasons, from safety and national security to environmental protection and consumer information. While regulations and standards may protect specific trade values, they may also intentionally (or unintentionally) limit market access for imported goods and/or impose discriminatory prices on such goods. Problems arise when countries employ these enforcements as excuses for protectionism, something highly discouraged by the WTO. The Agreement is an attempt to create a program that ensures that regulations, standards, testing, and certification procedures do not produce avoidable trade obstacles. While the WTO encourages countries to implement international standards, this body does not discriminate against states that choose otherwise.

While attempting to allow nations as much freedom and independence as possible, the agreement maintains that procedures employed by countries to measure products against relevant standards must be fair and equitable, banning any methods that give domestically-produced goods any form of unmerited advantage. The agreement also encourages countries to take each other's procedures for product assessment into consideration. Without this recognition, products may unnecessarily be tested by both the exporting country and the importing country. Exporters and manufacturers must be cognizant of the most recent standards in their prospective markets. To ensure that this information is made readily available, all WTO member governments are required to establish national enquiry points. They also must keep each other informed through the WTO itself.

According to the WTO, harmonization is absolutely necessary for the connection and compatibility of parts of products, such as car parts. Any lack of coordination could possibly invite barriers to international trade.

Additionally, technical harmonization can possibly increase consumer welfare. With a harmonized economy comes competition, which in turn ensures that consumers have an economically-attractive choice between products without discouraging manufacturers from presenting new products.

## **PROBLEMS WITH THE AGREEMENT**

A common concern amongst critics of the agreement is whether the document upholds an appropriate balance between avoiding protectionism and allowing regulatory autonomy and flexibility. Many countries do not feel that it does.

Those unhappy with the Agreement on Technical Barriers to Trade argue that the WTO is not impartial in its management of the global economy, maintaining a consistent bias toward rich countries and multinational corporations. Many blame the WTO for economically hurting smaller countries that have less negotiation power. Since the agreement, market access in developing industries has not improved. Developing countries have seen little to no gains, yet the phasing out of textiles quotas and non-tariff barriers such as anti-dumping measures have increased. Today, domestic support and export subsidies for agricultural products in developed countries remain high.

## **POSITIONS**

A major division exists among countries regarding on this topic. While in topic one some developed nations would favor the generally developing world's view, this topic is a little different. Because the Uruguay Round has not hurt stable economies, most developed nations have no problem with the economics of the round. Rather, it is the developing and least developed nations who struggle to fight the terms of the TBT Agreement.

Know where your country stands on the economic scale as well as what hardships it currently faces within its trading industry and/or entire economy. Identifying those facts will put you on one of the two sides, where you will then be able to understand the specifics of your nation's status and position.



## **QUESTIONS A RESOLUTION SHOULD ANSWER**

The primary goal of this committee is to ensure international compliance with technical regulations. Nations must work together to overcome their differences, bearing in mind a few broad questions:

- How can WTO facilitate negotiations and compromises among member countries?
- In what ways should The Agreement on Technical Barriers to Trade be altered and revised?
- What actions should the committee take in order to balance the interests of countries all along the economic scale?

## **RECOMMENDED SITES**

[http://www.wto.org/english/tratop\\_e/tbt\\_e/tbt\\_e.htm](http://www.wto.org/english/tratop_e/tbt_e/tbt_e.htm)

[http://www.wto.org/English/docs\\_e/legal\\_e/17-tbt.pdf](http://www.wto.org/English/docs_e/legal_e/17-tbt.pdf)

<http://www.jurisint.org/pub/06/en/doc/16.htm>

<http://www.afsc.org/trade-matters/trade-agreements/WTO.htm>