BACKGROUND GUIDE

WTO: THE NEW REALITIES OF TRADE IN THE LATE 2010S:

Regionalism vs multilateralism,protectionism vs free trade, centers vs peripheries.
How to reconcile all stakeholders into a renewed WTO ?

HEC PARIS

WELCOME LETTERS

Dear delegates,

Thank you for your participation in this MUN and more precisely in this amazing committee. You should all be convinced that negotiating in the WTO is totally in line with your current business curriculum. Most of you will indeed be actors or regulators of 21st century global trade, so it will be a real advantage to have studied its mechanisms with the eyes of diplomats and to have made proposals to improve the decision-making processes of the international organization that deals with it day-to-day.

We are Julie Andrieu, Violeta Campos and Grégoire Celerier and we will be chairing this committee. We are all students at HEC Paris and members of MUNHEC's Content team, Julie since the beginning of this school year, Violeta and Grégoire since the beginnings of MUNHEC, in early 2017. Violeta and Grégoire chaired the Human Rights Council during the first edition of MUNHEC, in September 2017.

MUNHEC 2017 was a success and many organizers, as well as external parties, are counting on you to make the 2018 edition even more dynamic: the MUNHEC team, the HEC Administration and even, if you really take the negotiation sessions seriously and work towards feasible and consensual solutions, the International Community as a whole, because MUNs are much more impactful than delegates imagine. Just witness the media coverage they get in universities with well-established MUN tradition.!

As for the topic of this committee, it is fairly broad, which explains the length of this guide. Your task will be to target the most pressing issues and to gather the most convincing arguments in order to make sure our WTO find a renewed credibility and include the new realities and the new actors of trade in its decision-making process. As Chairs, we will do our best to keep the debate dynamic within the boundaries of diplomatic rules.

Julie Andrieu
Violeta Campos
Gregoire Celerier

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INTRODUCTION

PRESENTATION OF THE COMMITTEE

The World Trade Organization (WTO) is an international institution headquartered in Geneva, Switzerland. It serves as a forum of negotiations between sovereign States on the topic of the rules of trade. The WTO defines its own goal as "to ensure that trade flows as smoothly, predictably and freely as possible". Concretely, WTO member countries negotiate and sign so-called WTO agreements that then need to be ratified by their national parliaments.
The Organization is one of the youngest international bodies. It was founded in 1995 to replace the General Agreement on Tariffs and Trade (GATT) that had been established in 1947. It plays a very prominent role in the world's economy because trade flows, and more precisely the borderless mobility of goods and services in a shrinked timespan, are at the core of globalization. The WTO also provides expertise and research on trade-related topics, such as transportation, intellectual property, or sustainable development.

History of the Committee

There is without doubt a tight link between monetary policies and trade. Even before the end of the Second World War (WWII), politicians, economists and diplomats who understood this relationship created the Bretton Woods system: the 1944 Bretton Woods Conference, attended by 44 national delegations, resulted in the creation of the International Monetary Fund (IMF) and part of the World Bank. This system established the U.S. dollar as the currency of reference. The idea was that trade would be stabilized because flows of merchandises between countries would not be slowed down by sudden monetary fluctuations.
During WWII, American President Franklin Delano Roosevelt was already envisioning an International Trade Organisation (ITO). However, he failed to push the creation of this ITO to the top of the Bretton Woods agenda. His ideal was then pursued by President Harry Truman, after the war.

In the years following WWII, the US was very much in favour of free trade, as opposed to protectionism. In 1947, together with 23 other countries, it ratified the General Agreement on Tariffs and Trade (GATT). This first comprehensive agreement on international trade policies introduced the "clause of the most favored nation" (Article 1), meaning that, if a country granted another country a favor in terms of access to its market or facilitation of exchanges on its territory, all the former's trade partners could ask for the same favor and obtain it.The GATT also targeted a gradual reduction of import quotas, until their definitive disappearance.

The GATT led to several rounds of negotiations, nine in total, to lower tariffs and suppress other barriers on imported goods. One of the most famous GATT rounds, the Kennedy Round, which went on from 1964 to 1967, was quite comprehensive because it included tariff cuts between the world's biggest trading powers, the USA and the European Economic Community (EEC), as well as negotiations on anti-dumping regulations.

Even though these negotiations were very successful when it comes to lowering tariffs on imported manufactured goods in the main markets, an important question was still left unanswered after the multiple GATT rounds: what about agriculture ? Indeed, there were still heavy regulatory obstacles preventing free trade in that area, such as the Common Agricultural Policy in the EEC.

In 1986, the Uruguay Round was eventually launched to tackle the question of agriculture, as well as another yet-untouched topic: services. This decisive round of negotiations resulted in the Marrakesh Declaration, signed on April 15, 1994 by 123 countries, a significant part of which was dedicated to services trade and intellectual property in trade. The WTO and its dispute settlement mechanism officially opened shop on January 1st, 1995.

Structure of the Committee

Like most UN bodies, the WTO has a very hierarchical internal organization.
The Ministerial Conference is the highest decision-making body of the WTO. It convenes every 2 years and comprises all WTO members, be they States or customs unions. It has the power to tackle any trade-related topic and to take any action on the basis of the international treaties. The last Ministerial Conference took place in December 2017 in Buenos Aires. It was the 11th one and dealt mainly with the topics of fisheries and e-commerce. In this conference, WTO delegates will be attending a session of the Ministerial Conference itself.

The General Council has an executive role. It can act on behalf of the Ministerial Conference because the latter meets so unfrequently. For instance, the Council approves the names of Chairs of the main subordinate bodies of the WTO. Meetings of the General Council can take two forms:

- The Dispute Settlement Body. On average, 25 disputes per year have been brought to the WTO since its creation. A case is usually opened because a member State is convinced that a fellow member has violated a trade agreement to which they both were parties, or its commitments in the WTO. Dispute settlement aims at making the worldwide trading system more predictable and secure because its rules are enforced and protected by a transnational body. A case is never brought in front of the whole WTO membership right away. It is first examined by a smaller panel, in order to give more leeway for conciliation, and mediation remains possible at each stage of the process.

- The Trade Policy Review Body. In the middle of each year this body, which is open to all WTO members, adopts a programme of reviews for the following year. The very first review in the history of the WTO was that of Cameroon on February 13th and 14th, 1995. In 2016, 2 countries was reviewed, Gambia and Malaysia. There are usually up to two trade policy reviews per month, all following the same format: a Government Report, whereby the country's government states its policy, an independent report on the country's policy by the WTO Secretariat and a meeting of the Trade Policy Review Body with the countries, during which all members are allowed to ask questions.

A committee is also established in the midst of the WTO everytime a new round of trade negotiations starts, in order to focus on the targets that were set for this round and to avoid mixing the agenda with more general topics. Currently, the Trade Negotiations Committee of the Doha Development Agenda, which reports to the General Council, oversees the eponymous negotiations, launched in November 2001.

Finally, three specific Councils were created to examine central topics in the WTO in-depth: the Council for Trade in Goods, the Council for Trade in Services and the Council for Trade-related aspects of IP rights.

Committee expectations

This committee will mostly follow the general Rules of Procedure communicated to the delegates prior to the negotiations. A few points are still worth stressing, and a few specific rules will also be underscored.
As there are 19 countries represented in the committee, the quorum will be 10 countries for each negotiation session to begin. As for majorities, a supermajority of two thirds of the countries present and voting is required for voting on a Draft resolution or an Unfriendly Amendment.
A Draft resolution needs to be sponsored by 3 countries, in addition to the main submitter; it also needs to have at least one signatory, in other words a country that is not necessarily in favor of the Draft Resolution but wishes to see it debated on the floor. The sponsors, however, are committed to vote in favor of this Draft Resolution, and these votes in favor will be pre-registered by the Chairs to prevent any attempt to circumvent this rule. Any Draft Resolution failing to meet these requirements will not be considered for a vote by the Chairs.
There are two types of amendments to a Draft Resolutions. On the one hand, Friendly Amendments are approved by all the sponsors of the Draft Resolution. They are immediately integrated within the Draft Resolution. For the sake of simplicity and in order to urge delegates to take firm stances and to consult with their counterparts, there will be no more than five amendments to a Draft Resolution.
Finally, if 4 or more countries are willing to form a customs union in the years to come or to sign a multilateral trade agreement on the topic of their choice (it has to be plausible and backed up by concrete commitments), they will have more power in the committee. Draft Resolutions submitted by such groups of countries pass automatically and can only be amended. Each country has the right to resort to this strategy no more than twice in the course of the entire negotiation weekend.

HISTORICAL OVERVIEW

The history of the WTO is truly embedded within the history of globalization. Globalization can be defined as a process of interaction and integration among people, companies and governments of different nations. One of the key drivers of this process is trade, hence the prominent role of the WTO, and the other driver, international investments, is very much linked to trade because Foreign Direct Investments (FDI) often consist in setting up operational divisions of a company in a foreign country in order to be closer to the final customer. These entities, joint ventures for instance, fall within the scope of the WTO agreements and rules because they are most of the time trading internationally.

In a globalized economy where trade is essential, transportation matters a lot. Since the 1980s, one means of transportation has particularly gained momentum, to such an extent that it carries about 90% of the goods traded around the globe today: the ship. Thanks to colossal investments by shippers, new technologies and rationalization of space and tasks, the ship has become the cheapest way to carry goods to the ends of the world. This was in a sense bound to happen because more than 70% of the earth's surface is covered by water. What was less foreseeable, however, was the race to gigantism among the main international shipping companies, such as Maersk Line (Denmark), the Mediterranean Shipping Company (Switzerland) or China Shipping Container Lines (CSCL). In 2013, Maersk received its Triple E ships, which are just shy of 400 meters long. A year later, the Globe, an even bigger ship, was delivered to CSCL. However, in 2015, the record was broken again, this time by MSC's megaship, the Oscar. Even though the lengths of the ships are quite telling as to the evolutions of global trade, the true measure of a ship's capacity is the number of Twenty-Foot Equivalent Units (TEU) it can contain. This reference is that of the standard container, 20 feet long and 8 feet tall. The Triple E can take up to 18,270 TEUs, the Globe 19,100 TEU and the Oscar 19,224.

SUBTOPIC A :
THE ROLE AND PLACE OF THE UNITED STATES IN GLOBAL TRADE

In the context of globalization of trade , the WTO's main mission is to ensure security, stability and previsibility of trade flows thanks to a set of agreements and regulations. In the 1990s and 2000s, the Organization was greatly helped in this mission by a factor that favored the boom of trade: the so-called Pax Americana. This expression, coined by historians, refers to a state of international affairs, roughly between 1992 and 2001, characterized by an economic, military and political domination of the US over the rest of the world. This is why Hubert Védrine named America the "hyperpower" in 1999. The hyperpower, according to Védrine, is able to initiate, shape or prevent events worldwide in all fields: economics, finance, technology, geopolitics, military, culture, etc. At the end of the 1990, US products and Foreign Direct Investments (FDI) were inundating national markets everywhere. At the same time, the US was keeping a permanent military presence all over the planet to protect its own economic interests for the decades to come, hence the phrase Pax Americana, which refers to the way the Roman Empire was built across several continents and protected by the army, so that the economy could thrive. American military bases are still scattered in all the strategic and potentially strategic regions today. Among the most famous ones are the Navy installations in Guantanamo Bay, Cuba and Okinawa, Japan, or the Air force base of Incirlik, Turkey. US fleets control the seas, with basically one fleet per ocean or main sea - for instance, the 6th fleet in the Mediterranean Sea, headquartered in Italy, the 7th fleet in the Western Pacific, headquartered in Japan, or the 5th fleet in the Persian Gulf, monitoring the whole Middle East. These bases and fleets, are meant, directly or indirectly, to protect trade flows and preserve US interests all around the world.

Nevertheless, the trade policy led by the US since the beginning of the 1990s is rather ambiguous. Although the US appears as the champion of borderless worldwide trade, many of America's world famous firms are in reality not very open to the rest of the world. Their focus is on the inner market, which reminds one of the policy of protectionism advocated by the US on several occasions, such as in the 1930s. For instance, Caterpillar makes $8bn in Sales in North America in 2016, which is as much as the Sales for Europe, Africa, Middle East and Asia-Pacific combined. In the automotive industry, 24% of Toyota's 2016 sales are done in Japan and 33% in North America; for Ford the same year, it is 39% of sales in the US. Donald Trump's stance on free trade only leaves more room for doubt, but we'll get back on that later.

SUBTOPIC B :
REGIONAL TRADE ORGANIZATIONS, THE REGIONALIZATION OF TRADE

It may seem paradoxical that many regional trade alliances coexist with a World Trade Organization whose mission is to enforce multilateral agreements containing non-discrimination clauses between nations. However, since the end of the 1970s, the trend has been towards such alliances, because the creation of regional markets facilitates the advent of a global liberal trade system and has many benefits for the countries that are parties to it: faster economic development because of synergies, greater visibility on an international level, or mutualization of resources. International institutions did not oppose such clusters because they boost trade nonetheless, by creating trade hubs and ensuring a greater geopolitical and economic stability. Regional integration areas are mentioned in Article 24 of the GATT, which established that all parties ought to work towards reducing the impediments to trade between them and that the trade policy applicable to third-party countries ought not to be toughened.

There is a hierarchy of regional trade organizations. The EU represents the most comprehensive form up to date: it is a single market with coordinated economic and monetary policies, even though it still lacks a common budget, according to some observers. There are also common markets, characterized by a customs union as well as free circulation of people and capital, such as the Association of South-Eastern Asian Nations' Economic Community (ASEAN EC, or AEC) launched in late 2015. However, in the case of the AEC, the single market as such only concerns the ASEAN-6 (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand), which are the six most developed countries in the Association. A less integrated form of regional cooperation is a customs union: it has a free-trade scheme and harmonized trade policies. It is the case of MERCOSUR (from Spanish Mercado Común del Sur). As for the North American Free Trade Agreement (NAFTA), it is a mere free-trade area, meaning that its members (Mexico, the US and Canada) are only concerned with lowering import tariffs among them, while keeping their own customs and trade policy towards third-party countries.

SUBTOPIC C :
THE INTERNATIONAL DIVISION OF LABOR

In 1950, Fortune Magazine launched the Fortune 500, a ranking of top US multinational firms, that became a Key Performance Indicator for the biggest companies in the country looking to polish their image at the detriment of their competitors. Firms are classified by revenues and profits after tax are also shown. Fortune also makes the Fortune Global 500, which uses the same criteria to rank companies regardless of nationality. In 2017, Walmart comes on top of both rankings, with revenues of about $490bn, the equivalent of the GDP of Sweden. This shows that multinational, or transnational, firms (TNFs) have become decisive actors of globalization and are at the core of the boom of global trade in the recent decades.

The advent of multinational firms must be analyzed in parallel with another phenomenon, known as the New International Division of Labour (NIDL). NIDL refers to the fact that powerful firms decided to become multinational because it was a way to optimize production costs. The most common pattern of NIDL in the 2010s is R&D in Western countries and production sites in countries with a cheap and abundant workforce such as Southern and South-Eastern Asian nations. For example, Dell was created in 1984 in Texas and for 20 years, it kept a single manufacturing and assembly site in Round Rock, Texas. But it had to adapt to the trends in the electronic devices market: demand from Europe kept increasing and Dell had to open a new assembly factory in Limerick, Ireland, in order to reduce delays for the customer. To capture a bit of the economic growth of Eastern Europe, the factory was moved to Poland in 2008. Dell eventually opened factories in Asia in the early 2010s, because the management decided to switch from the long tradition of tailor-made products to a business model involving more standardized products and more inventories in order to face a growing demand from middle-class customers.

In trying to shrink costs of goods sold in order to ensure competitiveness, TNFs fuel global trade because this scattered supply chain leads to huge intra-group, or intra-firm, trade flows. Indeed, whenever a subsidiary of a TNF sells raw material or semi-finished goods to the TNF, it is a transaction that is recorded as a trade flow by the WTO. These intra-firm flows make up a big part of global trade flows, representing around 50% of imports and exports today.

CURRENT SITUATION

This part covers two individual countries, the US and China, as well as a challenge for the 2st century: regulating trade in order to protect the environment.
After the 2008 financial crisis, the WTO is facing a return to protectionism which jeopardizes the ongoing Doha negotiations round focusing primarily on agriculture, environmental issues, intellectual property and services trade. The obstacle towards free trade is no longer tariffs, because the different GATT rounds were successful in that matter, but a mix of playing on exchange rates, issuing tough anti-dumping regulations and setting very bureaucratic norms. However, trade has been booming in volume all throughout the second half of the 20th century: it represented $600bn in 1973, meaning a multiplication by 5 since 1956, and up to $5000bn in 1995. In 2012, the trade of goods represented $18 trillion, two thirds of which being manufactured goods. The vast majority of traded good goes through a few strategic places, such as the Suez Canal, the Straits of Malacca or the Panama Canal. The latter makes possible a third of the trade between Asia and the East Coast of the US. All statistics regarding volume and proportion for these globalization hubs are impressive, because they really polarize merchandise flows.

SUBTOPIC A : TRUPONOMICS

In November 2016, Donald Trump became president of the United States. Since he took office in January of the following year, the term "Trumponomics" has been used to describe his bold economic promises and his controversial trade policy. One of President Trump's first measures was to withdraw the US from the Trans-Pacific Partnership (TPP) promoted by his predecessor Barack Obama as a counterweight to China's economic influence in this area. This caused turmoil on the North American and Asian markets in early 2017. Donald Trump also called into question the North American Free Trade Agreement (NAFTA). The Agreement was supposed to be renegotiated in October 2017 but the White House sent a delegation with a very protectionist point of view that made two provocative proposals. First, the three members would reconvene every five years to decide whether or not to continue implementing the agreement. Second, every NAFTA car should have 50% of made-in-USA components in it, whereas the automobile industry is the least integrated across the area. Because of this, negotiations are currently still at a standstill, even though trade is not paralyzed in the region.

SUBTOPIC B: THE (RE)EMERGENCE OF CHINA

China's main concern for the 2010s onward is to find new trade partners in order to export its overproduction of manufactured goods, and to reinforce the ties with existing ones. These concerns are motivated by the country's desire to resuscitate its glorious past as a trading nation. In 2013, its president Xi Jinping launched a mega-project called One Belt, One Road (OBOR) aimed at financing the right infrastructure to revive the trading routes of the 14th century. President Xi views OBOR as a truly global project comprising both continental routes, such as a train line between Chongqing in China and Duisburg in Germany, and maritime routes, controlled by deepwater ports in Thailand, Myanmar, Sri Lanka, and Pakistan. China can count on the funds provided by Chinese State-owned banks and by the Asian Bank for Infrastructure Investment, as well as on allies in the region, such as Kazakhstan. The downside is that the ROI of most OBOR-eligible projects is very low due to geopolitical and uncertainties in central Asia.

Xi Jinping is also trying to negotiate new trade agreements with already-existing partners, such as Canada. China actually has the upper hand in these talks because Canada is an export-nation, that sells around 30% of its GDP abroad every year, and China is its 2nd client. However, Xi Jinping would gain more credibility if he facilitated access to the Chinese market for Canadian firms wishing to expand.

SUBTOPIC C: TOWARDS AN ENVIRONMENTAL-FRIENDLY AND SOCIALLY-RESPONSIBLE TRADE

The WTO and the UN are working on regulations that can prevent irreversible damages to the environment because of global trade. Once again, the example of the shipping industry is telling. Indeed, a container carrier or a supertanker is a real floating city, but some of the biggest ones only have a 20-seafarers crew on board, which means that accidents can hardly be avoided when the ship is caught into a storm or bumps into an obstacle. And these accidents pollute a lot. For instance, out of the 60000 vessels that sail the oceans, around 30000 are oil tankers, many of which are badly maintained. As a result, oil spills are frequent and 150000 tons of crude oil pollute the seas every year. However, oil spills only represent 2% of the pollution at sea. The most dangerous pollution comes from the degassing of ships, which represents 1.8 million tons of polluted water each year: when they are not fully loaded, ships pump water in their ballast tanks in order to ensure balance at sea. Once the state of the cargo allows it, this water is discharged but it is mixed with fuel and chemicals.

The shipping industry also has very low social standards, especially in terms of labor law. As shown by the movie Freightened, The Real Price of Shipping, released in 2016, 40% of the sea shipping workforce is Filipino. Ukrainians and Bangladeshi usually make up a large part of the seafarers employed by the main shippers as well. These crew members usually spend nine months at sea, they are underpaid and have no cellphone, no internet connection and very limited possibilities to leave the ship during stops in ports.

BLOCK POSITIONS

19 countries will be represented in the committee. The division in different political blocs and the presentation of some aspects of certain countries from this committee are merely a way to show the main issues at stake and to foster debates between the delegation, which should be based on a deep knowledge of the countries whose interests they are defending.

BLOC A: THE TRADITIONAL TRADING POWERS OF THE TRIAD: US, CANADA, FRANCE, GERMANY, UK, JAPAN

The so-called Triad, composed of the US, the European Economic Community, which became the european Union in 1992, and Japan, had an overwhelming influence over global trade up until the 1990s. After this date, various economic crises, especially in the European Union and in Japan, as well as the emergence of new trading powers, weakened these three poles. Among the Triad countries, some are undergoing drastic change of policies, such as the US under the Presidency of Donald Trump or the UK in the wake of Brexit. Others have been trying different reform packages on the economic and monetary fronts in order to restore competitiveness, such as France and Japan. As for Germany, it is enjoying record-high trade surpluses, net and vis-à-vis many of its partners, a situation that is criticized by fellow EU-Member States because it might threaten the economic stability of the area.

BLOC B: THE EMERGING TRADING POWERS: CHINA, BRAZIL, MEXICO, INDIA, NIGERIA

Geographers classify emerging countries in a variety of subgroups: the BRICS for Brazil, Russia, India, China and South Africa, the MINTs for Mexico, Indonesia, Nigeria, Turkey, etc. In terms of trade, all these countries are newly industrialized or still industrializing, they are home to an expanding middle-class that has very specific consumption needs, which require opening up to imports from the rest of the world, and they are often dependent on a small number of products that cause economic uncertainty when their prices fluctuate. China is the world's first importer of oil and agricultural goods, but the country is trying to reduce this burden by investing in thousands of acres of cropland, in Africa and also in Europe. Brazil is the world's number one exporter of soybeans, sugar, orange juice and coffee but it is still trying to further diversify its economy by adding manufactured goods and services to its exportation mix. Mexico is the least integrated country within NAFTA because many of its companies are suppliers of US firms and therefore dependent on bigger groups.

Like Brazil, Mexico also relies a lot on its agriculture. The creation of NAFTA destroyed Mexico's corn production because Mexico is forced to absorb subsidized corn surpluses from the US during certain years. This situation led to the reunion of countries relying on agriculture as a source of economic development within the Cairns group, composed primarily of Argentina, New Zealand, Brazil and Canada. Though it is not part of it and it has managed to diversify its production and industrialize, Mexico often supports the Cairns group inside the WTO.

India is also a rising economic power, as it recently overcame France in terms of nominal GDP, now ranking 6th in the world. However, in terms of trade it is facing competition from neighboring countries such as Bangladesh, Myanmar or Sri Lanka: the latter are helped by China because they can serve Xi Jinping ambition of controlling the Indian Ocean, the main gateway to the Middle East and Africa, the future hubs of consumption and productive investments.

BLOC C: THE NATIONS TAKING ADVANTAGE OF A STRATEGIC GEOGRAPHIC POSITIONING: MALAYSIA, SINGAPORE, PANAMA, THE UNITED ARAB EMIRATES, PAKISTAN

As stressed above, maritime transportation is the most impactful driver of trade in the 2010s. This means that strategic maritime passages, such as important straits or canals, are very precious sources of economic advantages for the countries sitting on them. However, they have to master their territory and manage this competitive advantage in order to reap the benefits of these passages, and not all governments have the financial leeway to achieve this. Malaysia is one of the countries with right on the territory of the Straits of Malacca, together with Indonesia and Singapore. According to the World Economic Forum, around 17% of the oil produced on the planets passes through the Straits in a given year, delivered from the African and Persian Gulf suppliers to the Asian consumers. The problem is that these choke point, serving as the shortest and safest access to the busiest ports in the planet, is most of the time congested, which makes it difficult to avoid ship collisions. To make the crossing swifter, the three neighboring countries have signed an agreement by which they commit to fund a huge mapping operation of the Straits, in order to guide the biggest ships and to better organize traffic in the area. The operation started in 2015.

The example of Pakistan offers a view of more recent developments in the field of maritime trade, and allows to anticipate future trends. Pakistan already had two deep-sea ports, Karachi and Qasim. However, growing merchandise trade in the Arabian Sea and the Straits of Hormuz necessitated a third port. Gwadar was chosen because it is ideally situated just outside the Persian Gulf. Interestingly enough, China has committed important funds to help the construction of Gwadar Port, because it is ideally situated as a hub of trade between the Middle East, Eastern Europe and Central Asia and it can counterbalance the ambitions of India in the region. Pakistan is indeed becoming a privileged destination of Chinese FDIs and a decisive player in the *One Belt, One Road* project.

BLOC D: DYNAMIC ECONOMIC AND TRADING POWERS SLOWED DOWN BY INTERNATIONAL SANCTIONS: RUSSIA, IRAN, TURKEY

The case of Iran is symptomatic of the necessity of the acceptance of the international community for a country to be a trading power and to become integrated into the strategic flows of merchandise, people and investments. Indeed, Iran has been considered as a periphery of global trade since the 1990s, and even since the Islamic Revolution of 1979 when the US started adopting sanctions against the country, justified by anti-terrorist laws. However, in July 2015, there was hope that Iran's economy would recover because an agreement was found: the sanctions of the UN and the European Union would be softened in exchange of a tight control of the Iranian nuclear programme. This enabled Iran to restart its oil exports, at a rate of 4 million barrels a day. However, the recovery is only partial because US sanctions are still in place, especially the impossibility for American banks to finance exports and investments headed towards Iran. When taking office in January 2017, Donald Trump was opposed to the 2015 agreement and wanted to toughen the sanctions, but he seems to be more inclined towards status quo now.

QUESTIONS TO CONSIDER

Can the system of flags of convenience be left to thrive, making maritime transportation much more fluid at the cost of lowering environmental quality and ethics standards ? If regulation is necessary, what would be the main rules and how could they be enforced ?

Is devaluation in order to boost export acceptable ?

E-commerce is a new form of trade, potentially on its way to overtake traditional retail. Should the already-existing set of regulations and WTO agreements be applied to this new industry or does it require new guidelines ?

Which countries are very dependent on others, either to export their domestic production, or to meet their import needs ? What can be done to protect them ?

Africa only represents 3% of global trade, and its share has been decreasing since the 1990s; intra-African trade represents 9% of the total trade flows involving Africa, compared to 65% with the European Union. What would be the primary tasks of a WTO-African Union partnership ?

How can the WTO help sovereign States regarding their tax-payment issues with multinational companies ?

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