

OAKRIDGE MUN 2023



BACKGROUND GUIDE

**Implications of the U.S. Doubling its Debt Ceiling on
International Trade**

Letter from EB

Dear Delegates,

It is with our utmost pleasure that we welcome you all to the World Trade Organisation at Oakridge Model United Nations 2023! The WTO is the principal international body that governs international trade and facilitates negotiations between a bulk of the world's trading nations. As diplomats of your own nations, we look forward to seeing you all participate in dialogue with accountability, responsibility and cooperation.

Compiled below is a set of guiding questions and references that we have given to help navigate you through conference preparation with ease. As you research these topics over the next few days, we hope you will come to find them fascinating and begin to develop your own ideas for policy prescriptions. Our goal is that after this experience you acquire a comprehensive view of the role and importance of the WTO in regulating international trade, as well as of the major social and economic policies the WTO is involved in. Our hope is that you discuss and gain interest in the complex decisions the WTO and other trade organizations make. We hope you can embrace your country's perspectives with kindness and empathy. If on the last day of the conference you leave the conference feeling like you have changed simply because you learned or experienced something meaningful, our goal was reached.

We look forward to meeting each one of you on the 7th, 8th and 9th of September! We cannot wait to hear your stories and see you flourish debating, negotiating, and drafting resolutions. In the meantime, please feel free to reach out to the email addresses mentioned below in case of any specific questions or concerns. We will be glad to help you.

Tarun Neeraj
Chairperson - WTO
tarunneeraj2000@gmail.com

Aadya Jolly
Vice Chairperson - WTO
aadyajolly9@gmail.com

GUIDELINES

- Read the entirety of the background guide in the order it was written. Make sure to highlight the names of specific treaties, documents, resolutions, conventions, international bodies, events and any other specific incidents so that you can get back to them later and do a lot more thorough research
- Understand some of the basic details regarding the country that you've been allotted whether this be the capital, current affairs regarding geopolitical situation, political hierarchy etc. While not strictly necessary, you never know when this can turn out being handy. [Geography Now's A - Z Country List](#) has been a particularly helpful resource for this.
- Use a search engine of your choice to create as many tabs as possible for the highlighted terms from your background guide. Wikipedia or a YouTube video act as a great way to get a brief summary of the incidents at hand but such sources (especially Wikipedia articles) cannot be used in committee as sources.
- Delve into deeper research regarding the particular position of your allocation with the agenda at hand. Try searching for the voting stances of your allocation in related conventions and understanding the reasons for voting as so. UN Press Releases are also a helpful source for this matter.
- Find the website for the foreign ministry of the country you have been assigned alongside the "Permanent Mission of COUNTRY to the United Nations" website and search for a key term relating to the agenda, this should often give you statements from recent press conferences or UN committee sessions that can act as valuable sources of information in forming a position.
- Keep a handy copy of the Charter of the United Nations, whether as a .pdf file extension or a physical copy works. This contains the founding principles of the United Nations and contains articles that lay out the mandate of the six bodies that the United Nations is primarily divided into. Spend some additional time researching the specific mandate and functions of the committee that you have been assigned.

- If you are new to Model UN, consider going through a few YouTube videos to understand the ROP (rules of procedure), we follow the [UNA-USA ROP](#) unless otherwise explicitly stated by the Executive Board. Debate and discussion always are of higher importance and take precedence over procedure, so whenever necessary we try to be lenient with the intricacies of procedure. Never hesitate doing something in committee because you're not sure about procedure, we're always here to help! Here's a particular video that we found helpful when we were starting our Model UN journey (not all of this is accurate but regardless it is a helpful resource that can be highly recommended to anyone doing Model UN for the first time): [Click Here](#).
- Spend some time trying to predict possible sub-topics that could be discussed in committee and follow a similar procedure to research them. Also make use of the QARMA section at the end of this document to come up with possible solutions that could fall in line with your foreign policy.
- If time permits, try to pick a country with an opposing foreign policy stance with the agenda at hand and research from its perspective to understand possible disagreements that can come up within committee.
- Understand that foreign policy and foreign relations are two different things. Foreign Policy refers to the position of a state regarding a particular issue, foreign policy varies from issue to issue. Two countries might have very different stances regarding how to proceed with *non-proliferation* but might have the exact same position regarding *child rights* for example. Violating the foreign policy of your country, unless in the case of extraordinary circumstances that require it, is the single biggest mistake that a delegate can make.
- Foreign Relations on the other hand refers to the diplomatic ties that one country has with another and considers elements such as the mutual presence of embassies, consulates, ambassadors & diplomatic dialogue. More often than not, foreign policy is what will be of your primary concern during your MUN but it is important to also consider any extremities in your allotted country's foreign relations.

- The Executive Board may ask for the source of a statement that a delegate makes in committee either during a Point of Order circumstance or if said statement stands to be of interest to the Executive Board. Therefore it is recommended that delegates keep track of their sources when making / disputing a claim and also ensure their validity. Please do remember that while you as a delegate are allowed to cite any source you wish during committee, sources listed below are the only sources that the Executive Board would deem verifiable:
 - Documents originating from a multilateral organization such as the United Nations (or any of its subsidiary bodies), EU, BRICS, World Bank, ASEAN etc. Any sort of documents such as press releases, resolutions and more from such an organization will be accepted.
 - Reports, press releases and any other documents originating from the delegate's government and / or any other national agency from the delegate's state. These reports can be used but may be denied by another delegate in the committee. Under such circumstances, the ruling of the Point of Order is left to the discretion of the Executive Board.
 - News reports & articles originating from:
 - Reuters. Any article, fact or statistic originating from a Reuters article can be made to repudiate or be used to conform a claim made by a delegate
 - A news report originating from the a media that is affiliated to, owned by or operated by the state itself. Reports from such news organizations can be used to make claims, provided that they are substantial and can be determined to be credible.
- Please do remember that our job as the Executive Board is to facilitate debate. We do not direct the path that the committee moves in, we simply moderate it. It is the collective job of the committee to consider what direction is most sensible. Any of the questions or clarifications we ask are meant for the purpose of furthering debate.

COMMITTEE OVERVIEW

The World Trade Organization

The World Trade Organization — the WTO — is an international organization whose primary purpose is to open trade for the benefit of all. The overall objective of the WTO is to help its members use trade as a means to raise living standards, create jobs and improve people's lives. The WTO operates the global system of trade rules and helps developing countries build their trade capacity. It also provides a forum for its members to negotiate trade agreements and to resolve the trade problems they face with each other.

History of the WTO

The WTO began life on 1 January 1995, but its trading system is half a century older. Since 1948, the General Agreement on Tariffs and Trade (GATT) had provided the rules for the system.

It did not take long for the General Agreement to give birth to an unofficial, de facto international organization, also known informally as GATT. Over the years GATT evolved through several rounds of negotiations.

The last and largest GATT round was the Uruguay Round which lasted from 1986 to 1994 and led to the WTO's creation. Whereas GATT had mainly dealt with trade in goods, the WTO and its agreements now cover trade in services, and in traded inventions, creations and designs (intellectual property).

INTRODUCTION

Introduction to the Agenda

The U.S. decision to double its debt ceiling has prompted questions and concerns among member nations of the World Trade Organization (WTO). While the WTO generally doesn't focus on the internal fiscal policies of individual countries, it is important to consider the implications of such a monumental change on international trade, currency valuations, and global economic stability. This background guide provides a comprehensive overview of the major talking points and issues that will be discussed during the WTO Special Committee meeting.

Agenda Topics

1. U.S. Economic Outlook
2. Impact on Currency and Trade Dynamics
3. Potential Effects on Global Interest Rates and Investment Flows
4. Addressing Trade Imbalances
5. Mitigating Protectionist Tendencies
6. Promotion of Economic Cooperation

AGENDA TOPICS OVERVIEW

1. U.S. Economic Outlook

Background

The United States recently made the unprecedented decision to double its debt ceiling, increasing its borrowing capacity substantially. While this allows the U.S. to finance its budget and various programs, it also raises concerns about the long-term sustainability of its fiscal health.

Key Questions

1. What are the macroeconomic implications for the U.S. following this fiscal change?
2. How could this decision affect U.S. imports and exports?
3. What are the risks for global economic stability?

Recommended Reading

1. <https://www.investopedia.com/terms/f/fiscalpolicy.asp>
2. <https://www.cfr.org/backgrounder/what-happens-when-us-hits-its-debt-ceiling>
3. <https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/Fiscal-Policy>
4. https://www.wto.org/english/res_e/reser_e/ersd201210_e.pdf

2. Impact on Currency and Trade Dynamics

Background

The value of the U.S. dollar as a global reserve currency is paramount to international trade. With increased borrowing, the U.S. dollar could potentially weaken, affecting trade balances globally.

Key Questions

1. How has the U.S. dollar performed since the debt ceiling change?
2. What impact could this have on international trade dynamics?

Recommended Reading

1. <https://www.nber.org/system/files/chapters/c6834/c6834.pdf>
2. <https://www.federalreserve.gov/econres/notes/feds-notes/the-international-role-of-the-u-s-dollar-20211006.html>

AGENDA TOPICS OVERVIEW

3. Potential Effects on Global Interest Rates and Investment Flows

Background

The U.S. Treasury bond market is a major indicator of global economic health. Changes in demand for U.S. bonds could affect interest rates and thus international investment.

Key Questions

- 1.How has the demand for U.S. Treasury bonds changed?
- 2.What are the implications for global interest rates?

Recommended Reading

1. <https://www.investopedia.com/terms/b/bondmarket.asp>

4. Addressing Trade Imbalances

Background

Changes in U.S. fiscal policy can have a substantial impact on trade imbalances, both in the U.S. and globally.

Key Questions

- 1.What measures can be taken to stabilize trade imbalances?
- 2.How can trade be made more equitable among nations?

Recommended Reading

- 1.<https://www.imf.org/en/Blogs/Articles/2018/07/24/blog-addressing-global-imbances-requires-cooperation>
- 2."<https://www.cfr.org/backgrounder/us-trade-deficit-how-much-does-it-matter>

AGENDA TOPICS OVERVIEW

5. Mitigating Protectionist Tendencies

Background

Increased debt and potential economic instability can give rise to protectionist measures, harming global trade.

Key Questions

- 1.How can WTO members collectively address protectionist measures?
- 2.What strategies can be employed to mitigate trade disputes?

Recommended Reading

- 1.[https://www.elibrary.imf.org/display/book/9781451976632/ch04.xml#:~:text=There%20are%20three%20principal%20elements,%2C%20and%20\(3\)%20the%20potentially](https://www.elibrary.imf.org/display/book/9781451976632/ch04.xml#:~:text=There%20are%20three%20principal%20elements,%2C%20and%20(3)%20the%20potentially)
- 2.<https://www.investopedia.com/terms/p/protectionism.asp>

6. Promotion of Economic Cooperation

Background

In times of economic uncertainty, cooperative efforts can foster a more stable trade environment.

Key Questions

- 1.How can economic cooperation be promoted among WTO members?
- 2.What multilateral agreements or frameworks should be considered?

Recommended Reading

1. <https://www.youtube.com/watch?v=GbGQGsn93A0>

Conclusion:

The decision by the U.S. to double its debt ceiling presents both challenges and opportunities for the international community. This World Trade Organization meeting aims to foster dialogue, develop collective strategies, and ensure that the global trading system remains as stable and fair as possible in light of these developments.

We look forward to your active participation in addressing these crucial issues.