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*Maintaining trade flows and
globalization amidst pandemics*

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RESEARCH
REPORT



Forum: Economics Committee (GA2)

Issue: Maintaining trade flows and globalization amidst pandemics

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Introduction

Our world has been facing a tremendous global pandemic named COVID-19 for more than a year. Countries are trying to tackle various issues related to their health care, education and employment services, and financial political status. With more than a million people having lost their fight against the virus, the increasing unemployment rate, and an additional 130 million people at risk of continuing their lives in extreme poverty, COVID-19 has resulted in the greatest socio-economic crisis humankind has ever seen since the Great Recession.

Due to the climate of uncertainty caused by this situation, countries are struggling to take action to develop counter-mechanisms to diminish the impact of the virus on society. The majority of the parties have limited their global trade activities as a solution. However, their solution has influenced both their and their trade partners' economies extremely.

COVID-19 has already shown worldwide economic ideologies' deficiencies and has had grand consequences on the market. The global economy was expected to decline by a shocking 5.2 percent in 2020, and considering these figures, 2021 is not looking too bright either. Since countries are rapidly changing their strategies and are not able to come up with a sole economic plan based on past statistics, their international production activities have come to a halt.

International production involves both domestic and international enterprises and creates a global system through numerous agencies. Suppliers are considered to be critical in this case since they are responsible for providing the essential needs of the public.

A majority of the global economy is formed of the international production of multinational companies as they make up nearly 80 percent of global trade. However, they are the spearhead of the parties influenced negatively by the ongoing pandemic, too.

The need to keep trade flowing in order to supply fundamental products has become more important than ever. Our aim as the GA2 Economics Committee is to develop further strategies to maintain trade activities amidst this emergency by taking globalization into consideration.

Definition of Key Terms

Trade Flows: Buying and selling of goods between countries. Trade flows measure the balance of exports - imports.

Globalization: The process by which businesses or other organizations develop international influence or start operating on an international scale.

Pandemic: A pandemic is defined as “an epidemic occurring worldwide, or over a very wide area, crossing international boundaries and usually affecting a large number of people”.

Importation: Bringing / Buying goods or services from a foreign country

Exportation: Selling goods to a foreign country

Economic Growth: An increase in the amount of goods and services produced per head of the population over a period of time

Economic Shock: A sudden and significant change in a nation's economy. The term is usually used for negative changes.

Production: The action of making or manufacturing from components or raw materials, manufacture.

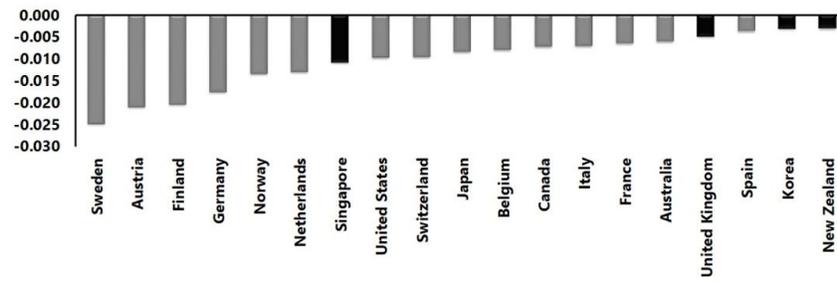
Covid-19: An acute respiratory illness in humans caused by a coronavirus, capable of producing severe symptoms and in some cases death, especially in older people and those with underlying health conditions. It was originally identified in China in 2019 and became pandemic in 2020.

General Overview

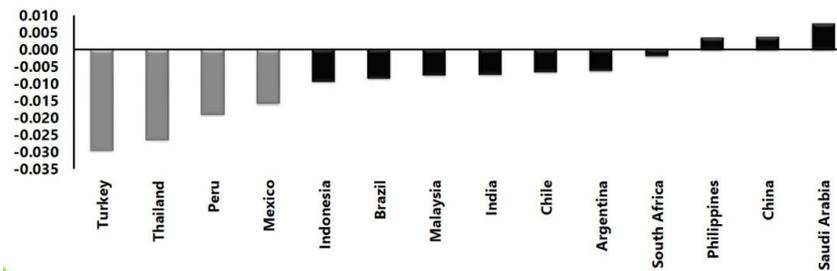
It would be wise to start by describing the global pandemic COVID-19 since the world is trying to end its negative effects and also maintain globalisation and trade flows. For more than a year now the pandemic is in our lives, and it has negatively affected nearly every aspect of human life but most importantly the domain of health and economy suffered the biggest consequences.

Firstly, the global pandemic had a shock effect on the economy of all nations involving simultaneous disruptions to both supply and demand in an interconnected world economy. On the supply side, infections reduce labor supply and productivity, while lockdowns, business closures, and social distancing also cause supply disruptions. On the demand side, layoffs and the loss of income (morbidity, quarantines, and unemployment), and worsened economic prospects reduce household consumption and firms' investment. The extreme uncertainty about the path, duration, magnitude, and impact of the pandemic could pose a vicious cycle of dampening business and consumer confidence and tightening financial conditions, which could lead to job losses and investment.

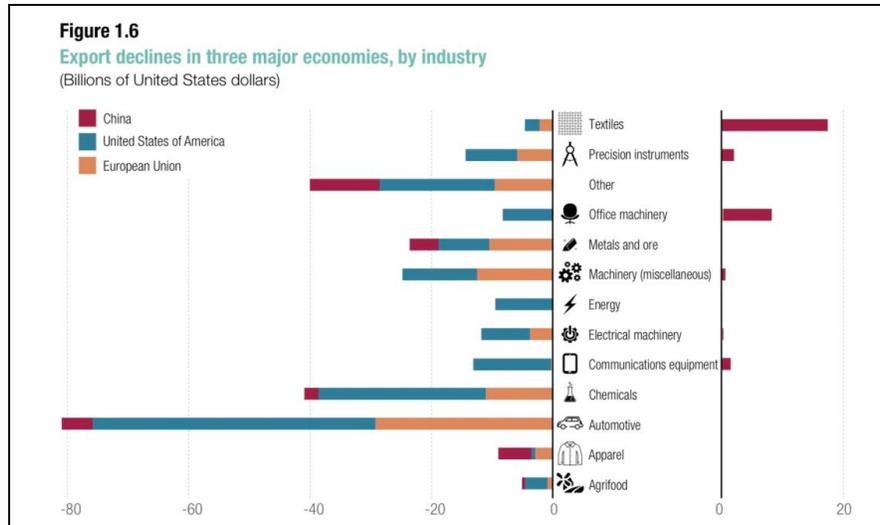
(a) Advanced economies



(b) Emerging economies



Secondly, health issues are reflected in reduced activity in all local economic sectors, including trade flows. Trade flows are based on importation and exportation between countries. With the Covid 19, pandemic quarantines and limitations in boundaries started, and that directly affected the global trade network. Also because of the high demand and harder conditions, the products manufactured in less affected countries became more and more expensive and that also targeted the trade flows as well. Human life should be the number one priority but solutions should be found to maintain and increase the trade flows since the global economy is dependent on the trade network between countries.



Lastly, globalization has altered the way we live and earn a livelihood. Consequently, trade and travel have been recognized as significant determinants of the spread of disease. Additionally, the rise in urbanization and the closer integration of the world economy have facilitated global interconnectedness. Therefore, globalization has emerged as an essential mechanism of disease transmission. Also, the quarantines, travel standards, prohibitions, and the closure of borders continue to threaten traveling and that's why Covid 19 is undoing globalization.

Major Parties Involved and Their Views

World Bank: The World Bank is an international organization dedicated to providing financing, advice, and research to developing nations to aid their economic advancement. The bank acts as an organization that attempts to fight poverty by offering developmental assistance to middle- and low-income countries. Due to the effect of the pandemic on the economy, World Bank funds countries that are in need to fight the virus and its effects on the economy.

World Trade Organization (WTO): The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to ensure that trade flows as smoothly, predictably, and freely as possible. This organization has a huge role in maintaining trade flows amidst pandemic.

International Monetary Fund (IMF): The International Monetary Fund (IMF) is an organization of 190 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world. Since the economic growth is threatened with the pandemic IMF continues its work by funding necessary countries to stabilize their economy.

United Nations Conference on Trade and Development (UNCTAD): The conference was formed by Un as a sub-branch. UNCTAD aims for equality in trading and augmenting economic growth. In order to maintain trade flows amidst pandemics, UNCTAD's efforts are crucial.

European Union (EU): The European Union is a unique Union that contains 27 European Countries. All these 27 countries had suffered the same economic consequences of Covid as the rest of the world. That's why European Union funds these countries firstly in the domain of health and secondly in the domain of economy in order to stabilise it and maintain trading among them.

Treaties and Events

OHCHR Treaty « Compilation of statements by human rights treaty bodies in the context of Covid 19 »

Since the early days of the pandemic, the states were urged to ensure that human rights are respected while fighting the pandemic. This is a compilation of those urged statements.

UNCTAD Research Paper No:26

This research report is about the changes and effects of powers on trade flows.

Un DESA Globalization Report

This report is about the 2030 agenda and it evaluates the current globalization process.

Evaluation of Previous Attempts to Resolve the Issue

First of all, the topic in hand is a fully new one and that's why it's normal not to have a great number of previous attempts. The Covid 19 occurred a year ago and the world faced an economic shock. In order to stop the economic consequences the virus should end and because of that all of the vaccination efforts could be counted as attempts to solve the issue. Rather than that, a lot of fundings was made to stabilise economies that were highly affected, and also nations have funded their own citizens who became unemployed because of the virus. Also, several economic forums and conferences are being held about the subject. But it mustn't be forgotten that the virus still exists and the economic situation keeps changing. That's why it's early to say whether these attempts were useful or not.

Possible Solutions

It's obvious that the pandemic is the reason behind this economic uncertainty and it's crucial to maintain globalization and trade flows amidst the pandemic. The first and the most effective solution would be to end the pandemic but that's the concern of the health authorities. Here we will be focusing on economic solutions. Funding from necessary organizations is a good weapon to fight economic uncertainty. Also,

hygiene conditions should be augmented in borders in order for trade flows not to be stopped. Human health is the most important concern so globalization aspects are hard. In that case, online methods could be considered. We are in the age of technology and everything that we do face to face could be done online as well so an international forum or an organisation can be formed in order to maintain globalization by taking human health as the number one priority.

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