



# G20 PACMUN 2017

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# PACIFIC MODEL UNITED NATIONS

# GROUP OF TWENTY

Dearest Delegates,

It is with great excitement that I welcome you to the Group of Twenty committee, here at PACMUN 2017. There are few things as central to the machinations of modern geopolitics and power than economic clout, and the G20 provides a unique opportunity to leverage the wealth of the most powerful countries in the world into positive action. Though it is a primarily economic body, the G20 is surprisingly far-reaching and the impacts of the communique you draft will be as extensive as you wish to make it.

Particularly at a time when political fragmentation and isolationism are on the rise, the opportunities we have to mirror, understand and promote the value of global discourse and multilateral action should be treasured. It is a founding principle of both the real and model United Nations that international collaboration and interconnectedness, in general, are the keys to a more peaceful and prosperous future. The onus is always on us, then, to encourage that the spirit of this principle carries into the next generation. The topics we are discussing this year in the G20 – Free Trade and Conflicts in the South China Sea – lend themselves, and in fact necessitate the kind of international corroboration we celebrate.

In my two and half years participating in Model United Nations, I've attended six conferences, each of varying sizes. But even excluding considerations like awards, PACMUN 2016 stands out – my first PACMUN. The sense of scale, the professionalism of both the staff and delegates, the breadth of committees and discussion are unparalleled. I had the pleasure of being in the G20 committee, as well. It is tremendous honor to have the opportunity to lead the committee which I loved so much. I, along with your chair Anushka Ladha and assistant director Ali Lo, sincerely wish to provide each of you with an experience as fulfilling as the one I had. Do great things!

Warm Regards,

Manoj Simha

Director, G20

# INTRODUCTION: FREE TRADE POLICIES

The arc of geopolitics over the past two centuries has bent towards interconnectivity and globalization, contingent on the production and movement of goods worldwide. As the global economy grows more tightly strung, the policies which dictate the conditions of labor and production in each trading nation need be the concern of all trading nations. The poorest and most vulnerable workers of less developed countries are often left in the fray as a result of undercutting costs and protectionist policies in wealthier nations. On the other hand, consumers and native production firms are liable for favorable pricing and opportune sales, as well. Balancing these concerns with the economic clout of the G20 is a major goal of our summit.

## HISTORY

Around the middle of the previous century in Europe, the Americas and Asia, the rate of importation and exportation of goods began to outpace native production, as a result of rapid developments in technology, transportation and communications globally. The growth of international trade brought prosperity globally to many who found new markets to generate capital, new firms to synergistically collaborate with, and plummeting prices due to competition. However, many argued that the age of free trade came at dire costs to nationally-held production firms who failed to compete with foreign firms. Thus a resurgence of Gilded-Age protectionism took hold, particularly in the Americas, characterized by tariffs, quotas, national embargos and related barriers. Meanwhile in Europe, the European Union represented the most drastic expansion of free trade in modern history with the largely transparent trade boundaries of the Eurozone and accompanying nations. It was not until the mid-90s, with President Clinton's passage of multilateral trade agreements namely BAFTA, that a renewed focus on the merits of free trade were resurfaced in the Western Hemisphere.

Meanwhile emerging economies in Asia, such as China and India, and agricultural exporters in South America were steadily building major export economies contingent on success in foreign markets. Shanghai and Singapore boasted the largest shipping ports in the world, while factory conditions grew as a subject of concern. Over the past 30 years, China alone dropped tariffs by over 30%.

The back and forth of trade restrictions and openings were a political reality for the coming decade, with European leaders as the prime proponents of freer trade, Asian nations as opportunistic followers and North American states in a more reluctant position.

# PAST ACTION

Multilateral action on free trade has always been troubled and slow-moving. Though the G20 at large has historically held an inclination against protectionist policies, individual countries have pursued different paths. At the most recent in 2017, lengthy talks produced a communique in favor of lowered restrictions and a free trade deal between Australia and Europe imminently, though further action or commitment to this goal has not been demonstrable.

The other primary international organ which has taken action of free trade is the World Trade Organization (WTO). The Doha Round, launched in 2001, is a developmental conference aimed at reducing barriers to trade and promoting the trade interests of developing countries. Though its goal was ambitious and its approach to solutions has been cited as laudable, the actionable policies derived from the Doha Round have been limited by the tension between free trade of industrial goods and protectionism of domestic agricultural output. The resolutions that have passed into the Doha Development Agenda focus on the proliferation of bilateral trade agreements in the absence of multilateral ones and raise the strongly related issue of fair trade policies in the international community. The problems encountered by the WTO, as well as the specific considerations of the agenda, must be studied in the G20 as well.

# CURRENT SITUATION

The condition of free trade policies beginning in 2015 have been of particular note to the G20 due to tangential world events. In a referendum on the 23 of June in 2016, Great Britain voted to withdraw from the European Union in an unprecedented rebuke of the single market and moved forward with negotiations to un-work over 40 years of free trade deals. This drastic geopolitical shift was echoed by protectionist sentiments in the United States, with a policy change towards retrieval from the Paris Accords, opposition to the Trans-Pacific Partnership and heightening tariffs. In response, Chancellor Merkel and EU President Donald Tusk stressed an ever stronger commitment to open markets. The implications of a global trend towards greater globalization or growing nationalism has massive implications for all production economies worldwide.

# BLOC POSITIONS

## Germany, France & European Union

The European Union is founded on the principles that free trade is economically advantageous to all parties involved. The maintenance and expansion of free trade is a priority. Heads of State from these countries should seek out and aim to modify specific trade restrictions in other nations antithetical to these ideals.

## United States & Great Britain

Imports are vital to native manufacturing and driving down prices, but protectionism is this political zeitgeist in the administration. Preservation of national trade interests is prioritized above all.

## China, India & Brazil

Emerging industrial powerhouses which have historically relied on protectionist policy to foster national growth. On the cusp of higher levels of development, these kinds of nations are welcoming a shift in policy towards freer trade. Promoting fewer restrictions in foreign countries, on the other hand, is an absolute must for these major exporters.

<b>Pro Free Trade</b>	<b>Anti Free Trade</b>
Increases access to higher-quality, lower-priced goods. Cheaper imports can ease inflationary pressure.	If developing countries have industries that are relatively new, then at the moment these industry's would struggle against international competition.
Aids growth: not all imports are consumer goods; they can be inputs for nationally-based producers. Freeing trade reduces imported-input costs, thus reducing businesses' production costs and promoting economic growth.	Protection for older industries would act as an incentive to for firms to invest and reinvent themselves.
Improves efficiency and innovation; driving competitiveness	Protection for national firm creates jobs for your country's citizens rather than foreign laborers.
Promotes fairness. When everyone follows the same rules-based system, there is less opportunity for participating nations to skew trade advantages toward favored parties.	Multilateral free trade agreements are economically constricting and reduce the sovereignty of a nation over its own economy

# CASE STUDIES

## Case Study #1: Free Trade Agreements

Free trade agreements such as the Trans Pacific Partnership (TPP), the North American (NAFTA), and the European Union (EU) have existed for the purpose of opening up trade between nations while reducing tariffs and relaxing regulations. These agreements have been entered into by many of the major economic powers of the world, as represented by the G20 nations. The recent rise of nationalism and the election of Donald Trump and the initiation of Brexit have given rise to fears of a more regulated, more contentious trade environment. The unilateral withdrawal of the US by President Trump from the Paris climate change accord, and the TPP, and threatened withdrawal from NAFTA stoked the fears of the global economic powers. It is a simplistic, populist argument that these agreements lead to job losses, when the truth is far more nuanced and complex. It is in this atmosphere that the G20 meetings were held.

What has resulted has been the opposite of what the isolationists had intended. The Paris accord was upheld by the other 19 nations minus the United States. Japan, long notorious for having a highly protected economy, took the US withdrawal from the TPP in stride and entered into a significant free trade agreement with the European Union. And the European Union, under threat from Brexit and the potential election of the far-right populist Marine Le Pen, came together with the defeat of Le Pen in the French elections largely based on the appeal by Macron to European unity and to move away from isolationism/nationalism.

## GUIDING QUESTIONS

1. How does the current political situation in your country affect your position on free trade?
2. How does free trade impact the economic growth of your country in comparison to that of developing nations?
3. How has the rise of nationalism/ isolationism affected the global approach to free trade?
4. What does this [free trade] mean for jobs within your country? How does this affect large corporations' perspective?
5. If your country raised tariffs, how would it affect your country's trade balance? What would be the economic and social implications both internally and globally?

# INTRODUCTION: SOUTH CHINA SEA

The South China Sea is a large body of water that extends from the Strait of Melacca to the Strait of Taiwan. Over 500 million people in China, Taiwan, the Philippines, Malaysia, Brunei, Indonesia, Singapore, Cambodia, Thailand, and Vietnam live within 100 miles of its coastline. This Sea is also one of the world's busiest international sea lanes and contains some of the busiest shipping ports in the world. Approximately US\$5 trillion worth of trade passes through the waters of the South China Sea. A strategic maritime link between the Indian and Pacific Ocean, the South China Sea is critically important to important naval powers worldwide, regardless of their proximity to the Sea. For this reason, it has become a site of disputes over claims to the island groups within it. Six sovereign states: Brunei, the People's Republic of China, the Republic of China, Malaysia, Indonesia, the Philippines, and Vietnam have all laid contesting claims to the islands within the South China Sea, and none are willing to back down.

## HISTORY

The islands of the South China Sea can be categorized into two groups: the Paracel Islands in the northwest, and the Spratly Islands in the southeast. There were no claims through the first half of the 1900s as the countries involved were preoccupied with other conflicts. It was only after World War II, in 1946, that China started to claim islands. However, the rate of island occupation rose and in 1955, China and Taiwan claimed key islands, while a citizen of the Philippines, Thomas Cloma, claimed most of the Spratly Islands. In the 1970s, the possibility that there was oil beneath the waters of the South China Sea spurred countries to compete for more islands. The Philippines moved, then China, followed by invading several islands. The violence continued throughout the end of the century, where China moved into the Spratly islands and set of more competing occupations in 1988, and built oil bunkers above reefs in 1995. The dispute seemed to settle during the early 2000s, with the Declaration on the Conduct of Parties in the South China Sea. However, instead of physically fighting, the six countries involved still provoked each other through notes and letters. In 2009, Malaysia and Vietnam sent a joint submission to the Commission on the Limits of the Continental Shelf to settle some claims, but this led to a series of objections. In response, China submitted a map containing the "nine-dash" line, which goes all around the edges of the South China Sea and encompasses all of its territory. They still have not clarified the meaning of the line and the only thing that they have said about this line is that "China has indisputable sovereignty over the islands in the South China Sea and the adjacent waters, and enjoys sovereign rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof (see attached map)." Since 2009, the situation has only gotten tenser with the Philippines bringing a case against China to an international tribunal in The Hague in 2013.

# PAST ACTION

The legal framework behind the South China Sea conflicts, the United Nations Convention on the Law of the Sea (UNCLOS), was adopted in 1982. The purpose of UNCLOS was to establish comprehensive rules governing the oceans, but also set specific limits on the ocean area that countries could claim (such as a 12-mile territorial sea limit and a 200-mile economic zone limit). An arbitration tribunal constituted under Annex VII of UNCLOS was the one that took the Philippines v. China case. Pertaining specifically to the South China Sea, ASEAN and China had come together to sign the Declaration on the Conduct of Parties in the South China Sea in 2002. This diplomatic action calmed the tensions brewing among countries (albeit temporarily). The goal of the Declaration was to lay the foundation for a future code of conduct in the South China Sea. Parties promised to “resolve their territorial and jurisdictional disputes by peaceful means, without resorting to the threat or use of force, through friendly consultations and negotiations by sovereign states directly concerned”, and would “exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability.” In the first few years after the Declaration on Conduct was signed, the ASEAN countries and China did attempt to cooperate on the Sea. They even decided to conduct regular ASEAN-China Senior Officials’ Meetings, in order to handle the implementation of the Declaration and create a working group to see that the specifics are addressed adequately. Ten years later, they decided to work on establishing a Code of Conduct, holding their first Senior Officials’ Meeting on September 15, 2013.

# CURRENT SITUATION

In 2013, when China took control of a reef about 140 miles from the coast of the Philippines, the Philippines then decided to file a complaint against China in front of an international tribunal. China was accused of violating international law by interfering with the reef (known as the Scarborough Shoal) and its environment. The Philippines even asked an international tribunal to reject China’s “nine-dash line” (see previous image) because the area that China has claimed is very important to global trade and full of valuable natural resources. Using the jurisdiction of the United Nations Convention on the Law of the Sea, which sets out rules for countries to follow when trying to control sections of the sea, the international tribunal in the Hague, Netherlands, has rejected China’s “nine-dash line”. China’s argument was that since Chinese seamen had been using the area for so long, they possessed the historical rights to a good majority of the South China Sea. In response to the court’s decision, China has boycotted the tribunal and has refused to give up any territory. This is because even though the decision

is completely legally binding, the tribunal cannot enforce anything, which could potentially cause the situation to escalate even further. In addition, other East and Southeast Asian countries, such as Brunei, Malaysia, Taiwan, and Vietnam, have brought up their issues with the Chinese “nine-dash line”, claiming that it overlaps with the economic zone of Indonesia and is harming overall trade in the region. This court case could potentially be the beginning of armed conflict, but it could also provide a platform for further diplomatic talks.

## BLOC POSITIONS

### China

The People’s Republic of China possibly has the most at stake concerning the South China Sea. China has been constructing artificial islands so that they can serve as military runways and harbors. This construction is very important to China but some of it could be considered illegal after the court case. The Chinese military believes that China needs the area inside the “nine-dash line” to defend itself and become a naval power through the lucrative shipping routes available in the South China Sea. Chinese diplomats have suggested that China might withdraw from the Convention on the Law of the Sea, but no major action is certain so far.

### The Philippines

The international tribunal has ruled overwhelmingly in favor of the Philippines, and has rejected the argument that China has historical rights over the South China Sea. The Philippines is also willing to support other countries that are close to the South China Sea in their sovereignty claims. It is important to note that the new Philippine President, Rodrigo Duterte, has stated that he will be more accommodating towards China than his predecessor, who had initiated the case proceedings against China.

### Indonesia

The Republic of Indonesia is among countries such as Malaysia, Taiwan, Vietnam and Brunei, as they all believe that their sovereign land has been impeded upon by the Chinese. The success of the Philippines in their court case has increased the confidence of these countries, who will now be looking to get the territory that they believe belongs to them and has been wrongfully taken away.

## The United States/Western Bloc

Though the United States takes no position on sovereignty claims in the South China Sea, it is deeply interested in maintaining maritime security, upholding freedom of navigation, and ensuring that any and all disputes are settled peacefully. The U.S. realizes, that despite this conflict not being near them geographically, it is still important to achieve diplomatic results from this contentious issue.

# CASE STUDIES

## Case Study #1: Kashmir

One of the most contentious territory conflicts in the continent of Asia, the Kashmir dispute began in 1947 with the partition of the Indian subcontinent (due to religious differences), which resulted in the formation of Pakistan from India. However, there were over 600 princely states between the two independent countries. These states had the option of deciding whether to join a country or remain independent. However, violent protests led to princes joining either India or Pakistan.

One such state, Kashmir, could choose either one of the countries because of its location. The ruler of Kashmir was unable to decide which nation to become a part of, and remained neutral. However, in October 1947, Pakistan sent in forces to get Kashmir to cede to them. The ruler fled to India and ceded Kashmir to the Indian government. This event led to the first war between India and Pakistan over the state of Kashmir, which resulted in an emergency Kashmiri government to be formed by the UN.

A ceasefire was agreed upon in 1949, where the territory was split between the two nations (65% of the land went to India while 35% to Pakistan). However, peace did not last very long, as another war broke out in 1965 and led to a stalemate between the countries. A third war started at the end of 1971, which led to yet another ceasefire and an attempt towards diplomacy. However, in 1989, pro-independence fighters from Pakistan attacked the Indian Kashmir valley and fighting persisted.

By this time, both countries had tested nuclear devices and hostility escalated- over 50,000 rounds of ammunition were exchanged. This armed conflict only ended in 1999 because of a meeting between Bill Clinton, the president of the United States, and Nawaz Sharif, the Prime Minister of Pakistan.

Hostility still continues, and the only reason there is no full-scale war is due to the threat of nuclear conflict, economic issues, and the threats of sanctions.

# GUIDING QUESTIONS

1. How has your country responded to the conflict in the South China Sea?
2. What response would be best related to your country's views on national security?
3. Is your country willing/ able to contribute (economic, military, etc.) in an effort to ease tensions in the region?
4. What are your country's past experiences with conflict? How has their past interactions affected their position?
5. Are there ways to enforce legally binding decisions? If so, what are they?

# SOURCES: TOPIC A

[https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact2\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm)  
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[https://www.wto.org/english/tratop\\_e/dda\\_e/dda\\_e.htm](https://www.wto.org/english/tratop_e/dda_e/dda_e.htm)

# SOURCES: TOPIC B

## HISTORY

A collection of articles related specifically to the South China Sea conflict, arranged from most to least recent: <http://thediplomat.com/tag/south-china-sea-disputes/>

Explaining the South China Sea conflict and current international action: <https://www.nytimes.com/2016/07/15/world/asia/south-china-sea-dispute-arbitration-explained.html>

UNCLOS, its history, and what it does: <http://unlawoftheseatreaty.org/>

The Declaration on the Conduct of Parties in the South China Sea: [http://asean.org/?static\\_post=declaration-on-the-conduct-of-parties-in-the-south-china-sea-2](http://asean.org/?static_post=declaration-on-the-conduct-of-parties-in-the-south-china-sea-2)

Analysis of Declaration on the Conduct of Parties: <https://kyotoreview.org/issue-15/managing-security-in-the-south-china-sea-from-doc-to-coc/>

A very detailed report of the issues in the South China Sea as well as potential solutions and foreign policy recommendations: <https://www.cfr.org/report/conflict-south-china-sea>