RKCMUN

WTO

World Trade Organisation

'Assessment of the legitimacy and effectiveness of multilateral trade institutions in a multipolar world amid shifting economic power, evolving trade blocs, and global market realignments.'

Letter From the Secretary General

In the absence of concord, cataclysm is inevitable.

When understanding falters, consequences escalate.At RKCMUN'26, let wisdom guide us before crisis defines us

Distinguished Delegates, welcome to RKCMUN'26, a conference not merely of speeches, but of substance; not merely of debate, but of direction. Over the next few days, these committees will transform into arenas of intellect, negotiation, and strategy. Ideas will collide, policies will be defended, and perspectives will be challenged. But above all, character will be revealed.

Our guiding philosophy this year is simple, yet profound: यत्र संवादः तत्र सौहार्दम् (Yatra Samvaadah Tatra Sauhaardam) Where there is dialogue, there is harmony.

The word Yatra reminds us that harmony is conditional. It does not appear by chance; it emerges where patience prevails over pride, where listening matches speaking, and where disagreement is handled with dignity. For these days, that "where" is RKCMUN'26. It is in these rooms, through your words and your restraint, that harmony will either falter or flourish.

Model United Nations is not about being the loudest voice in the room. It is about being the most prepared mind. It is about understanding that diplomacy is strength controlled, not power displayed. Debate passionately, but responsibly. Negotiate boldly, but ethically. Build alliances thoughtfully, not impulsively. The true measure of a delegate is not applause after a speech, but the impact left on a resolution.

As Secretary-General, my commitment is to uphold a conference defined by integrity, fairness, and intellectual rigor. I encourage you to enjoy the intensity, the strategy, the fast-paced negotiations but never forget the responsibility that comes with representing a nation.If discussions grow heated, let dialogue steady them. If opinions diverge sharply, let respect guide them. If conflict arises, let maturity resolve it.

Let RKCMUN'26 not simply be another entry on your résumé, but an experience that refines your confidence, sharpens your intellect, and strengthens your leadership.
Speak with clarity. Listen with intent. Lead with integrity.

The floor is yours.
With conviction and confidence,

Reyansh Punjabi
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Secretary-General
RKCMUN'26

Letter From the Executive Board

Distinguished Delegates,

It is our distinct pleasure to welcome you to the World Trade Organization committee at this conference. As members of this committee, you are entrusted with engaging in one of the most significant discussions in contemporary global economics: the assessment of the legitimacy and effectiveness of multilateral trade institutions in a multipolar world amid shifting economic power, evolving trade blocs, and global market realignments.

The global trading system is currently navigating a period of profound transition. Institutions that once served as the primary architects of international trade governance now face increasing scrutiny regarding their ability to adapt to changing economic realities. The rise of new economic powers, the formation of influential regional trade blocs, and the restructuring of global supply chains have all contributed to a landscape where traditional multilateral frameworks are being re-evaluated. Within this context, the role of the World Trade Organization has become a subject of intense global debate.

As members of this committee, we expect discussions to be grounded in careful research, informed economic reasoning, and a comprehensive understanding of international trade dynamics. Delegates are encouraged to move beyond surface-level analysis and consider innovative approaches that may strengthen multilateral cooperation while addressing the challenges posed by regionalism, economic nationalism, and shifting geopolitical influence.

We strongly encourage all participants to approach the committee with intellectual curiosity, diplomatic maturity, and a willingness to engage constructively with diverse perspectives. The issues addressed within this committee have far-reaching implications for the future of global commerce, economic development, and international cooperation.

We look forward to witnessing thoughtful engagement, well-reasoned perspectives, and dynamic exchanges that reflect the spirit of constructive multilateral dialogue.

We wish you the very best for your preparation and look forward to an engaging and productive committee session

Warm Regards,

Prasham shah (Chair person) prashamshah008@gmail.com	**Dharma parsana** (Vice chairperson) Dharmaparsana@gmail.com	**Dhiyan udeshi** (Rapporteur) dhiyanudeshi@icloud.com

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Introduction to the Committee

The World Trade Organization (WTO) is the principal intergovernmental institution governing international trade. Established on 1 January 1995 under the Marrakesh Agreement, it succeeded the General Agreement on Tariffs and Trade (GATT) of 1948, expanding the global trade framework to address the complexities of an increasingly interconnected world economy. With over 160 member states, the WTO functions as the cornerstone of the multilateral trading system, promoting transparency, predictability, and non-discrimination in global commerce.

The core mandate of the WTO is to facilitate the smooth flow of trade between nations through negotiated agreements and a rules-based system. It provides a structured platform for trade negotiations, oversees the implementation of trade commitments, monitors national trade policies, and administers a binding dispute settlement mechanism to resolve conflicts between member states. These agreements, negotiated and ratified by member governments, aim to reduce barriers to trade while ensuring fairness and stability in international markets.

Over time, the WTO's scope has evolved beyond traditional tariff reductions to encompass services, intellectual property rights, agricultural trade, subsidies, technical standards, and digital commerce. Its foundation was significantly shaped by the Uruguay Round (1986–1994), which introduced stronger enforcement mechanisms and broadened trade governance into new sectors. Today, the organization operates at the intersection of economics, law, and global diplomacy.

In an era marked by shifting economic power, emerging trade blocs, supply chain restructuring, technological competition, and rising protectionism, the WTO faces increasing scrutiny regarding its legitimacy, effectiveness, and adaptability. Debates surrounding dispute settlement reform, special and differential treatment for developing nations, digital trade governance, and economic security highlight the challenges confronting the multilateral trading system.

As a committee simulation, the WTO demands analytical precision, economic understanding, and diplomatic negotiation skills. Delegates must balance national economic priorities with collective global stability, addressing both structural reforms and immediate trade concerns. The discussions within this body reflect real-world tensions between sovereignty and cooperation, competition and interdependence, and national interest and global economic order.

Committee Mandate

The WTO's primary functions include:

- Administering trade agreements negotiated and signed by its 160+ member nations.
- Monitoring and reviewing national trade policies through its Trade Policy Review Mechanism(TPRM).
- Providing technical assistance and training to developing and least developed countries.
- Settling trade disputes through its unique Dispute Settlement Body (DSB), often seen as the "crown jewel" of the WTO system.
- It also seeks to enhance the capacity of developing economies to integrate effectively into the global trading system.

An important aspect of the WTO's mandate is to cooperate with the International Monetary Fund, the World Bank and other multilateral institutions to achieve greater coherence in global economic policy-making. A separate Ministerial Declaration was adopted at the Marrakesh Ministerial Meeting in April 1994 to underscore this objective.

The declaration envisages an increased contribution by the WTO to achieving greater coherence in global economic policy-making. It recognizes that different aspects of economic policy are linked, and it calls on the WTO to develop its cooperation with the international organizations responsible for monetary and financial matters, the World Bank and the International Monetary Fund.

The declaration also recognizes the contribution that trade liberalization makes to the growth and development of national economies. It says this is an increasingly important component in the success of the economic adjustment programmes which many WTO members are undertaking, even though it may often involve significant social costs during the transition.

Keeping the WTO informed

Often the only way to monitor whether commitments are being implemented fully is by requiring countries to notify the WTO promptly when they take relevant actions. Many WTO agreements say member governments have to notify the WTO Secretariat of new or modified trade measures.

Introduction to the Agenda

Assessment of the legitimacy and effectiveness of multilateral trade institutions in a multipolar world amid shifting economic power, evolving trade blocs, and global market realignments.

The global trading system is undergoing one of its most significant transformations since the establishment of the World Trade Organization. For decades, multilateral trade institutions have served as the backbone of international commerce, promoting rules-based trade, dispute settlement mechanisms, and economic cooperation among nations. However, the contemporary global economy is increasingly defined by shifting power dynamics, emerging economic blocs, and growing debates over the relevance and authority of multilateral trade frameworks.

The rise of new economic powers and regional trade alliances has gradually reshaped the balance of influence within global markets. As a result, traditional institutions designed during an earlier era of globalization now face critical questions regarding their legitimacy, representation, and effectiveness. Many nations argue that existing structures no longer adequately reflect the realities of a multipolar economic order, where emerging economies play a far more prominent role in shaping trade flows, supply chains, and global production networks.

At the same time, the global trading landscape has become increasingly fragmented. The expansion of regional and bilateral trade agreements, strategic economic partnerships, and shifting supply chains has challenged the primacy of multilateral institutions. Trade disputes, economic protectionism, and geopolitical rivalries have further complicated efforts to maintain a unified and predictable global trade regime.

Within this context, the agenda invites delegates to critically assess the future role of multilateral trade institutions. Key considerations include whether current mechanisms remain capable of addressing modern economic challenges, how institutional reforms could enhance fairness and representation, and what steps are necessary to maintain stability within an increasingly complex and competitive global marketplace.

Ultimately, this discussion goes beyond institutional reform—it addresses the broader question of how the international community can sustain a cooperative and rules-based trading system in a rapidly evolving multipolar world.

Abbreviation/Keywords

- GATT: General Agreement on Tariffs and Trade – Core WTO treaty on goods trade, prohibiting discriminatory tariffs (Articles I: MFN, II: bindings).

- MFN: Most-Favored Nation – Equal tariff treatment for all WTO members.
- DSM: Dispute Settlement Mechanism – WTO's enforcement body (panels, Appellate Body/AB).
- AB: Appellate Body – Paralyzed since 2019 due to US blocks.
- NTBs: Non-Tariff Barriers – Regulations obstructing trade (e.g., standards).
- GVCs: Global Value Chains – Cross-border production networks hit by tariffs.
- FTAs: Free Trade Agreements – Bilateral/plurilateral deals bypassing WTO (e.g., USMCA).
- RCEP: Regional Comprehensive Economic Partnership – Asia-Pacific bloc (30% global GDP).
- CPTPP: Comprehensive and Progressive Agreement for Trans-Pacific Partnership.
- BRICS: Brazil, Russia, India, China, South Africa – Emerging power group.
- IEEPA: International Emergency Economic Powers Act – US law struck down for 2025 tariffs.
- HS: Harmonized System – Global product classification for tariffs.
- SPS/TBT: Sanitary/Phytosanitary & Technical Barriers to Trade – WTO agreements on safety standards.
- Bbl/d: Barrels per day
- VIX: Volatility Index ("fear gauge").
- Section 232 – US Trade Expansion Act provision allowing tariffs for "national security" (controversially invoked for steel/aluminum)
- REEs – Rare Earth Elements: 17 critical minerals dominated by Chinese supply chains
- LDCs – Least Developed Countries: 46 WTO members receiving special and differential treatment

- SDT –Special and Differential Treatment: WTO provisions granting developing countries longer implementation periods and flexibility

- MPIA – Multi-Party Interim Appeal Arbitration Arrangement: Alternative appeal mechanism adopted by 50+ members excluding the US

- MMBD – Million Barrels per Day

The Dispute Settlement Mechanism Crisis and Legitimacy Erosion of WTO

Background: The Crown Jewel's Collapse

The WTO's Dispute Settlement Mechanism, formerly regarded as its "crown jewel" and most important breakthrough over the GATT system, has been immobilized since December 2019. From 2017, the US banned all appointments to the Appellate Body (AB), citing concerns about "judicial overreach," delayed proceedings, and contradictory rulings with member purpose. In December 2019, the AB lacked the necessary three members to form a quorum, making it ineffective.

This paralysis leads to "appeal into the void," where parties who lose at the panel level automatically appeal knowing their case will not be considered. This prevents verdicts from becoming binding. As of March 2026, over 650 conflicts are still unresolved, with just 5-8 new consultations requested annually, compared to 17+ in pre-crisis years.

The MPIA Alternative and Its Limitations

In 2020, 54 WTO countries formed the Multi-Party Interim Appeal Arrangement (MPIA) as a temporary measure. The MPIA is largely used for conflicts between EU, China, Canada, and developing nations, however it does not include the United States and lacks universal legitimacy. The inability to compel US participation or enforce verdicts against non-participants limits its ability to address systematic problems.

Implications for Legitimacy

The DSM crisis directly undermines the WTO's legitimacy by eliminating the credible threat of enforcement that underpinned compliance with rulings. Without binding dispute resolution, the WTO devolves into a forum for negotiation with no mechanism to prevent powerful members from acting unilaterally. Smaller economies, lacking leverage for bilateral negotiations, suffer disproportionately as the rule-based system erodes in favor of power based outcomes

Assessing the impact of tariffs on world trade and its legitimacy

Tariffs are taxes imposed by governments on imported (or sometimes exported) goods crossing borders, raising their price to protect domestic industries, generate revenue, or influence trade. In WTO's assessment of legitimacy/effectiveness amid multipolar shifts, tariffs test multilateral rules (GATT Articles I/II on MFN/bindings) by enabling protectionism, sparking disputes, and driving trade blocs like RCEP over global forums exemplified by rising averages (7-10%) fragmenting markets.
Since 2018, tariffs have increased globally, reducing trade by 1% to 2% yearly through retaliation, non-tariff barriers (NTBs), and protectionism. This has undermined WTO credibility in a multipolar period of emerging blocs like RCEP and BRICS. This is demonstrated by Trump's 2025 policies, which accentuate larger patterns amid power shifts to Asia and disjointed supply chains.

General Tariff Impacts

Global trade growth slowed to 2.4% (2025) from 3.5% prior to 2018; average applicable tariffs increased to 7–10% (UNCTAD 2025), with NTBs up 50%. Economic losses: -1% worldwide, greater in GVC industries (electronics, -12%); increases expenses and is ineffective. Tariffs drive the more than 500 active free trade agreements (FTAs) in a multipolar globe, circumventing WTO regulations.

Key Statistics and Facts

Key Cases Solved in WTO

Case	Trigger	WTO Ruling	Outcome Due to Crisis
DS558 (China Retaliation)	US steel/aluminum tariffs	China duties illegal; US measures under security exception	Appealed to void; tariffs persist csis+1
Section 232 Steel/Aluminum	National security invocation	Not justified; no emergency	US blocks AB; no enforcement csis+1
2025 Reciprocal Tariffs	Broad protectionism	Ongoing; violates MFN/bound rates	DSM limbo; bilateral shifts atlasinstitute+1

Year	Global Trade Growth (%)	Avg Applied Tariff (%)	Active FTAs
2020	2.6	6.5	300
2024	2.9	7.5	450
2025	2.4	9.2	520

WTO Legitimacy Challenges

Tariffs violate GATT obligations (75% non-cooperative, according to research); the fragility of the DSM encourages unilateralism, reducing predictability. Multipolar shifts: WTO share of trade regulations drops to 40%; US/EU protectionism versus China/India blocs.

Trump Tariffs

Trump's 2025 tariffs have caused significant controversy at the WTO by going against fundamental regulations like set tariff limitations and most-favored-nation treatment, escalating the Appellate Body issue, and casting doubt on the organization's ability to enforce its rules. This has a direct bearing on evaluating the legitimacy and efficacy of the WTO in the face of multipolar shifts, emerging blocs like EU-Mercosur, and US-led protectionism that favors bilateral agreements.

On February 20, 2026, the US Supreme Court decided 6-3 that President Trump's broad 2025 tariffs, which were imposed under the International Emergency Economic Powers Act (IEEPA), went beyond presidential power because IEEPA does not contain clear wording that grants tariffs to Congress. Although the administration is considering other legislation, Chief Justice Roberts' majority judgment highlighted constitutional taxing authorities and declared "reciprocal" and "fentanyl" tariffs on China, Canada, Mexico, and other countries unconstitutional.
This bolsters WTO legitimacy by curbing US unilateralism, potentially easing disputes (e.g., China/EU consultations) and restoring DSM faith amid multipolar strains. Globally, markets surged (S&P up 2%), dollar dipped; trading partners like EU/Canada paused retaliation, eyeing negotiations. For agenda, it highlights domestic checks on protectionism, questioning multilateral effectiveness if US pivots to bilateralism via new law

Country	Tariff Rate	Response	WTO/Multipolar Shift
China	10-125%	Retaliation, WTO consults	BRICS/RCEP boost news.cgtn+1
EU	20-35%	Threats, WTO requests	Intra-bloc deals fraserinstitute+1
Canada/Mexico	25%	WTO filings, retaliation	USMCA strain news.cgtn+1
India/Japan	20-35%	Potential disputes	BRICS/Asia pivots fraserinstitute+1

Economic Loss due to Tariffs

In 2025, tariffs resulted in ~$2-3T global welfare losses (1-1.2% GDP), with trade falling 5.5-8.5%. Despite $195B in income, the US suffered a 2-3.8% impact due to Wall Street crashes

Economic Losses Worldwide

WTO/UNCTAD: GVCs -12-16%; IMF growth drag 0.4-0.8%; trade volume -5-8.5%. Small economies are most severely affected (vulnerable exports: -20%), PIIE: $2.5T dynamic losses (investment/GDP drag).

Impact	Value	Affected
Global Welfare Loss	1-1.2% GDP (~$2T)	World
US Welfare Loss	2-3.8%	US
Trade Contraction	5.5-8.5%	Global

Global Stock Market Impacts

Asia: Hang Seng (HK) -13.5%, Shenzhen -9.7%, Shanghai -7.3%, Nikkei (Japan) -7.8%, ASX (Aus) -4.2% (Apr 2025).
Europe: Euro Stoxx -2-5%, FTSE (UK) -3-4%, DAX/Italy/Norway/Switzerland -3-5%.
US: S&P 500/Dow -15% peak (Apr), Nasdaq -2.6%.
India: Nifty -4.5%, Sensex -3.5%.
MSCI AC World earnings drag 4pp; VIX +25% volatility.

Region/Market	Peak Drop (%)	Date
Hang Seng (HK)	-13.5	Apr 2025
Nikkei 225 (JP)	-7.8	Apr/Jul
S&P 500 (US)	-15	Apr
Euro Stoxx (EU)	-4	Multiple
Nifty 50 (IN)	-4.5	Aug

WTO's Failure to Constrain Tariffs

Despite evident violations of GATT Articles I (MFN treatment) and II (bound tariff rates), the WTO was unable to halt or overturn the tariffs. Panel findings against US Section 232 steel/aluminum tariffs in four disputes (China, EU, Canada, Turkey) rejected national security justifications, citing no "emergency in international relations" as needed by GATT Article XXI. Despite this, the US continued to impose tariffs for several years.

The WTO's inability to control powerful members undermines trust in multilateral institutions and encourages bilateral deals or regional bloc formation

China's Trade Dependencies and Monopoly on Rare Earth Reserves

Strategic Importance of Rare Earth Minerals

The 17 chemically related metals known as rare earth elements (REEs), which include neodymium, dysprosium, and lanthanum, are essential components of cutting-edge technology such as semiconductors, fiber optics, medical imaging, precision-guided weapons, and permanent magnets used in electric cars and wind turbines. These elements are geologically abundant despite their "rare" categorization; supply bottlenecks are caused by challenges in extraction and processing. 37% of the world's deposits, 70% of mining, and crucially, 90% of refining capacity are under Chinese control.

Decades of state-directed industrial strategy led to this supremacy. China achieved 60% cost advantages by accepting environmental externalities (toxic waste, groundwater contamination) that Western firms avoided starting in the 1980s. Predatory pricing, knowledge transfer requirements for foreign investors, and subsidies forced rivals to close. In 1990, the United States mined all of its own rare earth needs, but by 2018, when Molycorp's Mountain Pass operation closed, it was 100% dependent on imports. Australia, India, and Brazil export concentrates to China for refining before re-importing completed goods because they have reserves but are unable to process them.

Trade Restrictions and WTO Challenges

China has often leveraged its monopoly, imposing export limitations, licensing requirements, and outright prohibitions amid geopolitical disputes. China froze rare earth deliveries to Japan for two months in 2010 due to the Senkaku Islands issue, hurting Japanese electronics manufacturers and demanding diplomatic compromises. The 2018-2025 US-China trade war resulted in progressive restrictions, including 2019 export license delays, 2023 gallium/germanium export bans (semiconductor inputs), and 2025 comprehensive limitations on 12 REE categories aimed at defense applications.

WTO challenges have been ineffective. DS431-433 (launched in 2012 by the United States, the European Union, and Japan) resulted in AB rulings against China's 2010-era quotas—but China simply restructured restrictions through environmental regulation, production caps, and "national security" export controls under GATT Article XXI, which panels refuse to overturn after the Russia-Ukraine precedent. The 2025 restrictions continue undisturbed at the WTO, with members acknowledging the futility of AB paralysis and Article XXI flexibility.

Economic and Security Implication

The strategic vulnerability is acute. Electric vehicle manufacture requires 1-2 kg REEs per vehicle; global EV production (18 million units in 2025) consequently necessitates 18,000-36,000 metric tons per year, practically all of which are processed in China. Wind turbines require 200-600 kg per MW; adding 150 GW to world capacity by 2025 will require 30,000-90,000 metric tons. Defense systems are highly concentrated: F-35 planes utilize 920 pounds of REEs each, while Tomahawk missiles use 100 pounds or more, with no replacements approved by US military specifications.

Supply chain reconfiguration confronts significant challenges. The U.S. Defense Production Act allocations ($500 million), Australia's Lynas Corporation expansion (A$800 million), and the European Raw Materials Act (€40 billion) all try to minimize dependence, but mine-to-refinery integration takes 7-10 years and relies on Chinese technology licenses. Furthermore, China's "rare earth diplomacy" with BRICS+, ASEAN, and Global South recipients of Belt and Road funds fosters client relationships. 23 countries inked REE "strategic partnerships" with Beijing in 2024-2025, many of which included exclusivity terms.

Multilateral Governance Failures

This case demonstrates the WTO's incapacity to address modern trade-security nexus challenges. The GATT 1947 architecture assumed that natural resource commerce occurred in competitive marketplaces; monopolistic control by state actors weaponizing supply for geopolitical advantage was not envisaged. Article XXI's security exception, never precisely defined, has become a blanket justification—if China can plead "national security" for REE limits, the United States for steel tariffs, and the European Union for medical supplies export bans (2020-2021), the exception swallows the norm.

Proposals for international solutions, rare earth cartels, obligatory stockpiling treaties, and WTO laterals on key minerals do not gain momentum. China rejects any structure that limits its leverage. Western nations prefer bilateral sourcing (U.S.-Australia, EU-Canada) to multilateral cooperation. And WTO countries from the Global South regard REE limitations as justifiable reprisal for Western agriculture subsidies, pharmaceutical patents, and past resource plunder.

The standoff highlights a fundamental challenge: in a multipolar world where economic power is abused, rule-based multilateralism necessitates enforcement tools that powerful states refuse to embrace.

The Red Sea- Suez Canal Shipping Crisis and Global Trade

The ongoing security crisis in the Red Sea has raised serious concerns about disruptions to one of the world's most critical maritime trade corridors. The Red Sea and the Suez Canal together form a vital artery connecting Asian manufacturing hubs with European and North African markets. Approximately 15% of global trade passes through the Red Sea, while the Suez Canal alone accounts for around 12% of world trade, making the region indispensable for international commerce. Since November 19, 2023, attacks on commercial vessels in the Red Sea and the Gulf of Aden have forced many shipping companies to avoid the route, leading to a sharp decline in maritime traffic. By February 2024, the average number of weekly ship passages had dropped by more than 45% compared to the previous year, while the total shipment volume through the canal fell by over 50%

These disruptions have compelled shipping companies to reroute vessels around the Cape of Good Hope in southern Africa, significantly increasing travel distances between Asia and Europe by more than 55%. This detour has extended delivery times by 6 to 25 days, with an average delay of about 17 days, affecting supply chains and increasing the risk of port congestion and production delays. Several European automobile manufacturers temporarily suspended production due to delayed shipments of critical components. However, despite these logistical disruptions, the overall impact on global trade has so far been more limited than initially feared.

Unlike the 2021 Suez Canal blockage caused by the Ever Given cargo ship, which halted global shipping for nearly a week and cost the global economy an estimated $6–10 billion, the current crisis has produced a more gradual and manageable disruption. Freight costs initially rose due to longer routes, higher fuel consumption, and increased insurance premiums, particularly for container shipments between Asia and Europe. Yet shipping rates remain significantly lower than the extraordinary levels experienced during the COVID-19 supply chain crisis of 2021–2022. Furthermore, global consumer demand has been relatively moderate, and many businesses have maintained large inventories, which has helped cushion the immediate economic impact.

Energy markets, often highly sensitive to geopolitical disruptions in maritime trade routes, have also remained relatively stable. Although the number of petroleum tankers passing through the Red Sea declined sharply, global oil and natural gas prices have not experienced significant spikes. The stability of energy markets has reduced the risk of widespread inflationary pressures that could have resulted from rising transport costs and supply shortages.

Another factor mitigating the crisis has been the expansion of global shipping capacity. The container shipping industry added approximately 350 new container ships in 2023, with projections of 478 additional vessels entering service in 2024. This increase in global shipping capacity has helped offset the delays caused by longer routes and reduced the likelihood of severe supply chain bottlenecks.

Nevertheless, the long-term consequences of the Red Sea crisis remain uncertain. Certain sectors, including the automotive, fertilizer, and retail industries, have already experienced higher freight costs and supply delays. Moreover, disruptions in the region have affected the transportation of humanitarian aid to conflict-affected areas. If the crisis persists, shipping companies may permanently restructure global trade routes, diversify supply chains, or invest in alternative transport corridors such as rail or air cargo.

From the perspective of multilateral trade governance, the crisis highlights the vulnerability of global trade infrastructure to geopolitical instability. It also raises important questions about the role of international institutions in ensuring the security and resilience of key trade routes. As the global economy transitions toward a multipolar system characterized by shifting economic power and emerging trade blocs, disruptions in strategic maritime chokepoints such as the Suez Canal could further challenge the effectiveness of multilateral trade institutions in maintaining stable and predictable trade flows.

Trade Tensions and Their Impact on Global Commodity Market

Recent turmoil in global commodity and financial markets reflects a growing consensus that adverse shifts in trade policy and rising uncertainty will significantly weaken global economic growth. In April, markets reacted strongly to the increasing number of tariffs and trade restrictions imposed by major economies. While some recently announced tariffs exclude certain industrial commodities, others still apply, and agricultural commodities have largely not been exempted. This surge in trade-restrictive measures continues a broader trend: between 2022 and 2024, the number of new restrictions affecting trade in energy, metals, and food commodities was more than ten times higher than the number implemented during the three years before the COVID-19 pandemic. Such developments have increased volatility in commodity markets and raised concerns about future global supply chains.

The effects of trade tensions on commodity markets can be divided into two main categories: aggregate effects and disaggregate effects. Aggregate effects arise when trade conflicts slow global economic growth, leading to lower overall demand for commodities. Industrial commodities such as metals and energy are particularly sensitive to economic cycles because their demand depends heavily on manufacturing and construction activity. Historically, periods of negative global per-capita economic growth have been followed by significant declines in commodity prices. Since 1990, such downturns have typically resulted in an average fall of around 25 percent in the World Bank's commodity price index within nine months.

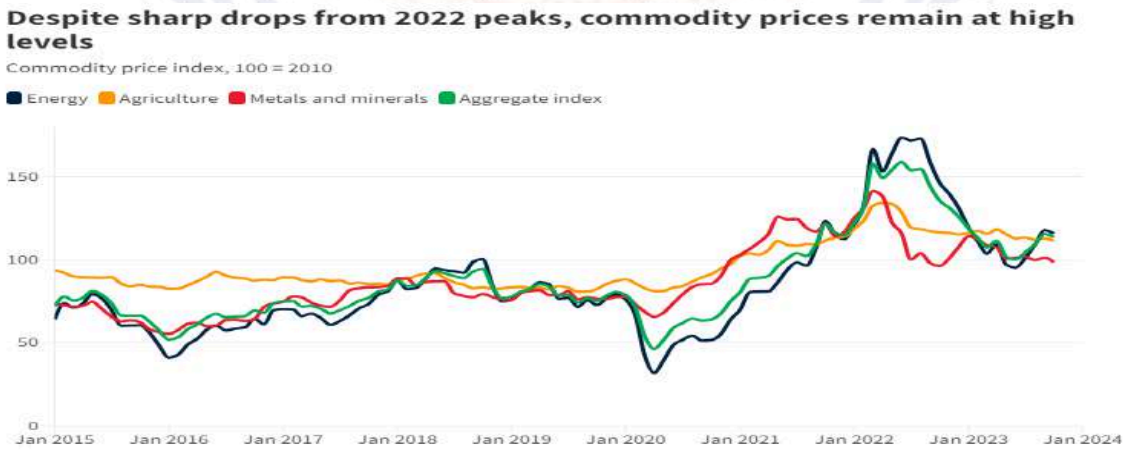
Disaggregate effects occur when tariffs and restrictions directly target specific commodities. These effects vary depending on the structure of global trade in each commodity. Commodity markets are generally highly integrated, meaning that if imports from one country become expensive due to tariffs, buyers may shift to domestic suppliers or import from alternative countries. In such cases, global prices may not change dramatically because trade flows are simply redirected. However, this adjustment can still create inefficiencies and increase transportation and logistical costs, resulting in slightly higher economic costs overall.

In some cases, trade diversion only partially offsets the impact of tariffs. This occurs when trade between specific countries accounts for a large share of the global market for a particular commodity. For example, China's increased tariffs on U.S. agricultural exports have reduced demand for American crops while increasing demand for products from other exporters such as Brazil or Argentina. Soybeans illustrate this dynamic particularly well: because China is one of the largest global consumers of soybeans and a major importer from the United States, tariffs have significantly shifted global demand patterns. As China turns to alternative suppliers, prices for those suppliers' products have increased, while U.S. farmers face declining export demand.

There are also situations where trade redirection cannot effectively mitigate the impact of tariffs. This occurs when tariffs are imposed broadly on imports from all trading partners rather than targeting a specific country. A recent example is the 25 percent tariffs on aluminum and steel imports implemented by the United States in March. The immediate effect of this policy was a rise in global aluminum prices, as U.S. buyers rushed to build inventories before the tariffs took effect. This behavior created a noticeable premium for aluminum sold in the United States compared with global prices.

Despite these commodity-specific impacts, the overall demand for many industrial commodities, especially base metals remains highly dependent on global economic conditions. As concerns about slower economic growth intensified in early April, benchmark prices for several base metals fell sharply. This reflects the strong relationship between industrial activity and commodity demand.

Looking ahead, uncertainty remains the dominant factor shaping commodity markets. The scale of the economic slowdown caused by trade tensions is difficult to predict, and much will depend on how long the new trade measures remain in place and whether countries respond with additional retaliatory actions. If trade conflicts escalate or policy uncertainty persists, global commodity demand may weaken further, leading to lower prices. As a result, while current commodity price forecasts reflect a baseline scenario for global supply and demand, the risks surrounding these projections remain unusually high.



Source: World Bank. 2023. Commodity Markets Outlook, October 2023: Under the Shadow of Geopolitical Risks. © Washington, DC: World Bank. http://hdl.handle.net/10986/40363 License: CC BY 3.0 IGO. • Note: Monthly data, last observation is October 2023.

Global Oil Market Dynamics and Price Volatility

Recent events in the global oil market show a complicated relationship between geopolitical tensions, trade policy uncertainty, and changing supply and demand. Though major oil producers have announced plans to increase production, the effect on global oil prices has been limited because many of these increases have not yet been fully realized. This delay has softened the immediate impact on global supply and prices.

In 2025, the price of Brent crude oil generally fell due to weaker demand expectations and worries about excess global supply. Falling Brent prices pushed Russia's Urals crude oil below the $60 per barrel price cap set by Western countries. In September, a new lower price cap of $47.6 per barrel was introduced. The oil markets also faced short-term price swings caused by geopolitical and policy events. In April, volatility rose due to increasing global trade policy uncertainty. Another spike happened in June after airstrikes on nuclear facilities in Iran raised fears of supply disruptions in the Middle East. However, oil price volatility later decreased, returning to levels close to or below the average of the past five years, aside from the extreme changes after the Russia-Ukraine war and the COVID-19 pandemic.

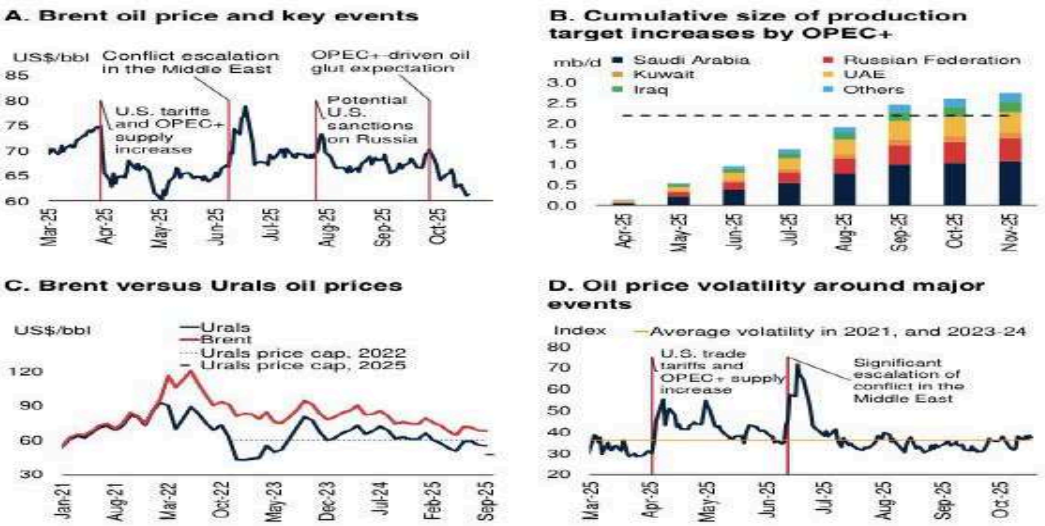
Global oil demand growth has remained quite weak. In the third quarter of 2025, global oil demand rose by 0.8 million barrels per day (mb/d), or about 0.7 percent year-over-year, reaching around 104.8 mb/d. This growth rate is much slower than the average growth seen between 2015 and 2019, indicating a period of slow consumption. Demand in advanced economies and China, which together make up nearly 60 percent of global oil consumption, is expected to stay roughly the same throughout 2025. In other regions, oil demand growth is likely to slow in Europe, Central Asia, Latin America, the Caribbean, and South Asia. However, demand growth should remain steady in most other emerging markets and developing economies, with Sub-Saharan Africa expected to see a significant recovery. Among major economies, India is projected to be one of the largest contributors to oil demand growth in 2025, mainly due to rising consumption of liquefied petroleum gas (LPG) and gasoline.

On the supply side, global oil production has risen faster than demand. Global oil supply increased by about 4.1 percent year-on-year in the third quarter of 2025, roughly double the growth seen in the previous quarter. Production growth is expected to continue in the Middle East, North Africa, Afghanistan, and Pakistan, while it is projected to speed up in Latin America and the Caribbean. In contrast, production growth in advanced economies is predicted to slow. Meanwhile, OPEC+ spare production capacity has dropped significantly from 7.3 mb/d in September 2024 to around 3.9 mb/d by September 2025, mainly because OPEC+ countries have raised their official production targets.

These changes have led to a growing imbalance between global oil supply and demand. The implied oil market balance—calculated as the difference between supply and demand—indicates a surplus of about 2.7 mb/d in the third quarter of 2025. This surplus is one of the largest quarterly supply surpluses recorded in recent decades, surpassed only during the demand collapse in 2020 due to the pandemic and the 1998 oil market crisis. Despite this large theoretical surplus, actual global crude oil inventories rose by only about 0.9 mb/d between the start of the year and August, roughly half of the implied supply excess.

Several recent signs suggest a potential global oil supply glut. In the United States, crude oil inventories fell during the third quarter of 2025—coinciding with the peak summer driving season—but the decline occurred at only about one-quarter of the average rate seen over the previous five years. Meanwhile, some crude oil cargoes in the Middle East reportedly went unsold, and the volume of oil stored in tankers at sea increased significantly in September. These trends point to a possible excess supply in global oil markets, which could put downward pressure on prices if demand growth remains weak.

Overall, the outlook for global oil markets is uncertain. Geopolitical tensions, sanctions, and the supply decisions of major producers continue to influence short-term price shifts. The longer-term trend in oil prices will depend largely on the balance between global economic growth and the pace of supply expansion. If demand continues to grow slowly while production keeps increasing, the risk of a lasting oversupply in global oil markets may rise.



Global Natural Gas Market Trends

Global natural gas prices saw a slight decline in October after experiencing volatility earlier in the year. The natural gas price index continued the downward trend observed in the third quarter of 2025, when prices dropped by around 5 percent quarter-on-quarter. This decline followed a significant price surge earlier in the year, suggesting that markets were stabilizing as supply conditions improved.

A significant trend in 2025 has been the difference between U.S. and European natural gas benchmark prices. In the third quarter of 2025, U.S. benchmark prices were about 44 percent higher than a year earlier, mainly due to strong demand for U.S. liquefied natural gas (LNG) exports to Europe. European benchmark prices, on the other hand, remained relatively stable compared to the previous year. This difference reflects Europe's ongoing dependence on imported LNG to replace reduced pipeline supplies and maintain energy security.

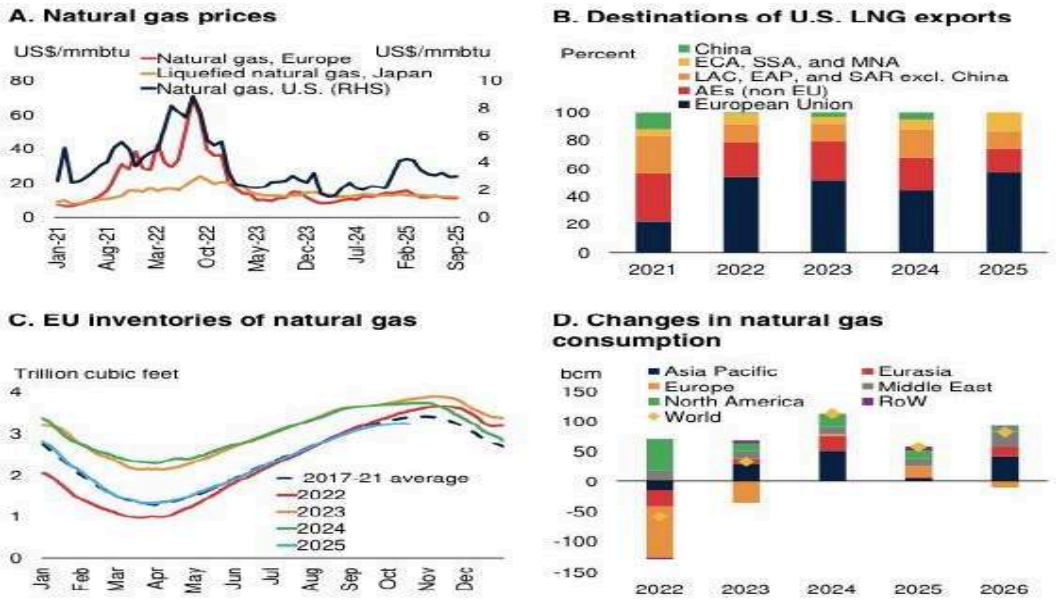
Global natural gas demand during the first half of 2025 was affected by several short-term factors. In Europe, lower electricity generation from renewable sources—partly due to unfavorable weather led to greater use of natural gas for power generation. Meanwhile, colder weather in North America increased heating demand, further boosting natural gas consumption. These weather-related factors temporarily strengthened global gas demand.

In contrast, natural gas demand in the Asia-Pacific region weakened during the same period. Major economies like China and India saw lower consumption, especially in the industrial and refining sectors. This decline was somewhat offset by stronger renewable electricity production, which reduced the need for gas-fired power generation. In China, LNG imports remained lower than the previous year for eleven consecutive months through September, reflecting weaker demand and increased domestic natural gas output.

On the supply side, global natural gas production grew during the first half of 2025, mainly due to strong output growth in North America. Natural gas production in the United States rose by about 2.4 percent year-on-year, as high prices earlier in the year encouraged higher production levels and increased exports. Most of these exports were directed toward European markets, with around 57 percent of U.S. LNG shipments going to Europe.

Europe's energy situation remains heavily reliant on LNG imports. Low natural gas storage levels in Europe indicate that the region will likely need sustained LNG imports during the 2025–2026 winter heating season to meet energy needs and ensure supply security. At the same time, natural gas production in Russia fell by about 3.2 percent in the first half of 2025, largely due to reduced pipeline exports to Europe and relatively weak domestic demand growth.

Overall, the global natural gas market in 2025 has been shaped by changing trade patterns, weather-related demand shifts, and evolving energy policies. Europe's increasing reliance on LNG imports, the growing role of U.S. exports, and declining Russian pipeline supplies have contributed to a shift in global gas trade. These trends highlight the changing structure of the global energy market and the growing importance of LNG in maintaining energy security.



Global Coal Market Trends

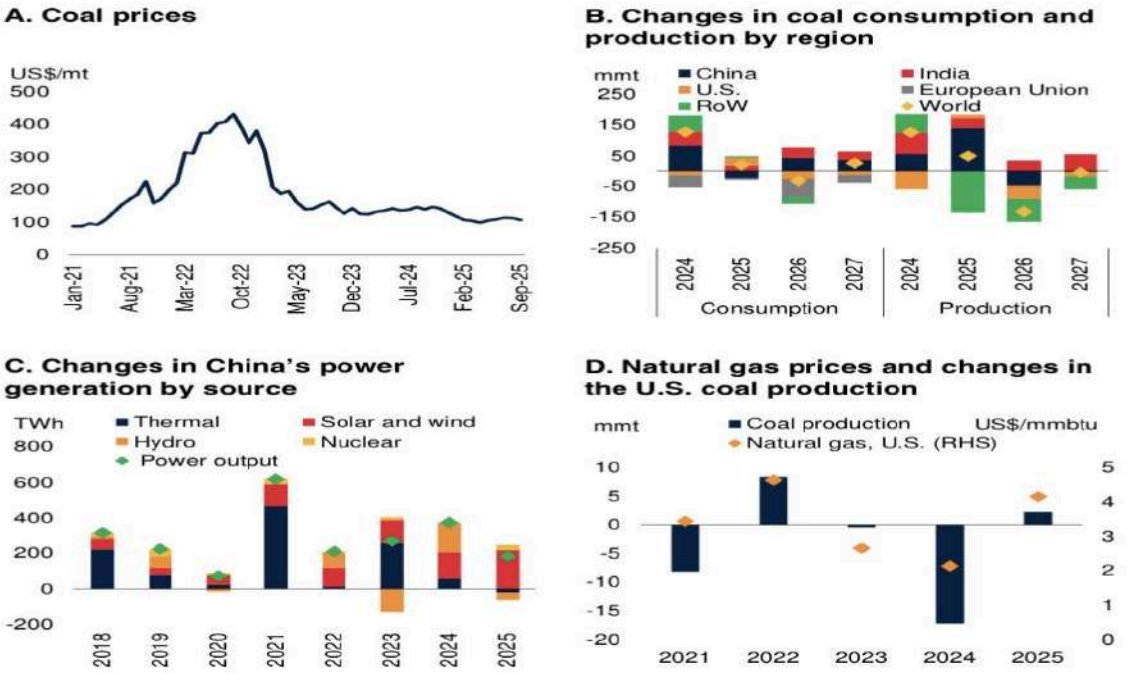
Coal prices and demand in 2025 have shown a mix of weather conditions, fluctuations in energy demand, and supply disruptions in major exporting countries. In October, the price of Australian coal, an important global benchmark, remained fairly stable after increasing by about $6 per ton (around 6 percent) during the third quarter of 2025. This rise reversed the decline seen in the previous quarter. The rebound in prices was mainly due to strong energy demand in Asia, particularly during extreme heatwaves that boosted electricity consumption. Additionally, reduced coal exports from Australia and Indonesia, the world's two biggest coal exporters, added further pressure on prices.

Despite these temporary price hikes, global coal demand dropped by about 1 percent year-on-year in the first half of 2025. Changes in coal consumption varied widely across major regions, largely driven by differences in electricity demand and the availability of renewable energy. In China and India, coal-based electricity generation fell due to lower overall electricity use and a growing share of renewable energy in power generation. On the other hand, coal consumption in the United States rose because of higher electricity demand and increased natural gas prices, which made coal a more viable option for power generation. Coal usage in the European Union also increased temporarily, mainly because of a short-term drop in renewable electricity production.

On the supply side, global coal production went up during the first half of 2025, largely due to higher output in China and the United States. China's coal production grew by about 6 percent year-on-year, recovering from a prior drop, while U.S. coal production expanded by roughly 8 percent during the same period. These boosts helped compensate for supply disruptions in other areas.

However, supply conditions were impacted by adverse weather and operational issues in key exporting countries. Australia and Indonesia encountered weather-related disruptions that temporarily decreased coal production and exports, adding to price pressure in the third quarter of 2025. Mining incidents in Indonesia also affected supply. Meanwhile, coal output in India remained stable, while production in Russia fell due to the combined effects of international sanctions and financial struggles in the country's coal industry.

Looking ahead, global coal consumption is likely to stay relatively stable in the medium term, with production generally sufficient to meet demand. Nevertheless, coal prices face several risks. Prices could rise if electricity generation demand for coal increases more than anticipated, especially in large consumers like China. Conversely, prices might drop if coal production grows significantly, particularly in major producing nations such as China and the United States. Overall, the coal market outlook is closely tied to changes in energy demand, renewable energy expansion, and global climate and energy policies.



Global Metals and Minerals Market Trends

Global metal prices rebounded during the third quarter of 2025 after a decline in the previous quarter. Prices continued to increase in October, mainly due to stronger performance in the aluminum and copper markets. This recovery reflects relatively robust economic activity in major economies and rising investment in renewable energy infrastructure. Projects related to solar power, wind energy, electricity grids, and clean energy technologies—especially in China have boosted demand for metals like aluminum, copper, and tin. However, ongoing weakness in China's property sector keeps reducing demand for construction-related metals, particularly iron ore (a crucial input for steel production) and zinc.

More broadly, cyclical economic challenges, including slower global growth, are expected to cap major increases in metal prices over the next few years. Overall base metal prices are predicted to remain stable in 2026 and rise slightly in 2027, while iron ore prices are expected to drop in both years due to weaker construction demand and increasing supply.

Main metallurgical ore's

Aluminum Market

Aluminum prices increased by 7 percent during the third quarter of 2025 and continued to rise in October, bouncing back from the sharp drop that followed the introduction of U.S. tariffs earlier in the year. Despite slower economic activity in some major economies, aluminum demand is expected to stay relatively strong. This is largely because aluminum is essential for renewable energy technologies, including solar panels, wind turbines, and expanding electricity grid infrastructure.

On the supply side, growth in aluminum production is likely to slow. China, which produces about 60 percent of global aluminum, is nearing the production limit set in 2017 to lower carbon emissions. In Europe, aluminum production has gradually recovered after many smelters shut down due to high energy costs following the Russia–Ukraine war, though output remains about 15 percent below 2019–2021 levels. Environmental regulations and limited availability of affordable aluminum scrap are also expected to restrict future production growth.

After rising by around 7 percent in 2025, aluminum prices are expected to increase modestly by 1 percent in 2026 and around 4 percent in 2027, supported by steady demand and tighter supply conditions.

Copper Market

Copper prices rose by 3 percent in the third quarter of 2025, reaching their highest level in 16 months, and continued to increase in October. The price rise was partly fueled by increased U.S. imports ahead of tariffs and production disruptions at a major copper mine in Indonesia.

Over the next few years, copper demand is expected to grow gradually. Slow global economic activity and continuing issues in China's property sector may limit demand from construction industries. However, these challenges may be partly offset by growing demand for copper in renewable energy technologies, such as electric vehicles (EVs), electricity grids, data centers, and artificial intelligence infrastructure. Increased defense spending could also boost copper consumption.

On the supply side, global copper production is expected to grow slowly due to operational problems at several major mines that are limiting short-term output growth. Copper prices are projected to rise by 6 percent in 2025, followed by smaller increases of 1 percent in 2026 and 2 percent in 2027, possibly reaching new record annual price levels as demand and supply stay broadly balanced.

Lead Market

Lead prices increased slightly by about 1 percent in the third quarter of 2025—and remained stable in October. Demand for lead mainly comes from battery production, especially for internal combustion engine vehicles, which account for about two-thirds of global lead use. Demand is expected to grow moderately as vehicle sales rise and older batteries are replaced. However, the rapid growth of electric vehicles may gradually reduce the need for traditional lead-acid batteries.

Global lead production is expected to rise moderately due to new mining developments in several countries across North and South America. At the same time, lead recycling, which already supplies about two-thirds of total supply, is expected to grow further. After an estimated 5 percent price drop in 2025, lead prices are expected to stay stable in 2026 and rise slightly by 1 percent in 2027, reflecting a balanced supply-demand situation.

Nickel Market

Nickel prices decreased slightly about 1 percent in the third quarter of 2025—continuing the downward trend seen earlier in the year due to excess global supply. Production growth is likely to persist in the coming years, particularly in Indonesia, which produces around 60 percent of global nickel. Indonesia plans to shift from three-year to one-year production quotas to improve regulation and help stabilize prices, though this policy might not significantly reduce the current oversupply.

Demand for nickel primarily comes from stainless steel production, which accounts for about two-thirds of global consumption. However, slow global economic growth is expected to limit demand growth. Nickel demand may receive additional support from the electric vehicle industry, as nickel is used in high-energy EV batteries, especially in China. Yet, the growing popularity of nickel-free lithium iron phosphate batteries may limit this increase. After falling by about 9 percent in 2025, nickel prices are projected to rise by 1 percent in 2026 and 3 percent in 2027 as supply and demand gradually move toward balance.

Iron Ore Market

Iron ore prices rose by 5 percent in the third quarter of 2025 and continued to increase in October, recovering from a 6 percent drop in the previous quarter. This temporary recovery was mainly driven by a short-term rise in steel production in China and optimism about record-high global steel exports for the year.

However, the long-term outlook for iron ore prices remains weak. Ongoing issues in China's property sector, along with slower construction activity in other regions, are expected to lower demand for steel and iron ore. At the same time, global supply is increasing due to higher production in Australia and Brazil, the world's two largest producers. Additional low-cost, high-grade iron ore supplies from West Africa are also expected to enter global markets.

As a result, iron ore prices are expected to decline by about 10 percent in 2025, followed by further drops of approximately 4 percent in both 2026 and 2027.

Multipolar Economic Realignment

The BRICS+ Bloc: Composition and Growth

Initially composed of Brazil, Russia, India, China, and South Africa (est. 2009), BRICS grew considerably in January 2024 with the addition of Egypt, Ethiopia, Iran, the United Arab Emirates, and Saudi Arabia—dubbed "BRICS+". Over 40 countries have expressed interest in joining, including Indonesia, Turkey, Nigeria, and Argentina, indicating a broad coalition of rising economies looking for alternatives to Western-dominated organizations.

As of 2026, BRICS+ accounts for around 36% of global GDP (PPP adjusted), 46% of the world's population, and 30% of global trade. The bloc controls a sizable share of world energy output (45% of crude oil through Saudi Arabia, the UAE, and Russia), rare minerals, and manufacturing capacity.

Institutional Alternatives to WTO/IMF/World Bank

BRICS+ has created parallel financial and commercial architecture, specifically meant to lessen reliance on Western institutions The $100 billion New Development Bank (NDB) offers infrastructure finance alternatives to the World Bank and IMF.

Contingent Reserve Arrangement (CRA): A $100 billion currency exchange pool for balance-of-payments support.

• BRICS Payment System: A proposed alternative to SWIFT that uses local currencies and digital settlements to avoid dollar-denominated trades.

• De-dollarization plans include bilateral trade agreements in yuan, rupees, rubles, and riyals, as well as the use of Chinese digital yuan (e-CNY) across Belt and Road initiative countries.

While these institutions supplement rather than replace current frameworks, their presence creates optionality, reducing WTO/IMF leverage. Members facing WTO conflicts or IMF conditionality may increasingly resort to BRICS+ options.

Key Trade Institution across the World

Intra-BRICS commerce increased 15% in 2025, exceeding global trade growth by an average of six percent. China's trade with BRICS+ nations now exceeds that with the United States and the European Union combined, indicating deliberate diversification following tariff wars. The union has explored forming a BRICS+ Free Trade Area, which would create the world's largest trading zone by population and compete with the EU/USMCA on an economic scale.

This shift to bloc-based commerce directly contradicts the WTO's non-discriminatory MFN concept. If big economies conduct the majority of their business under preferential arrangements, the WTO will become a residual venue that governs primarily marginalized bilateral relationships.

The 2024 BRICS+ Kazan Declaration specifically advocated for "comprehensive WTO reform" to improve emerging economies' representation in decision-making and dispute resolution. Without such reforms, the bloc may progressively avoid the WTO in favor of bilateral or multilateral agreements among like-minded developing countries.

PAX SILICA

Pax Silica, which was officially founded on December 14, 2025 at the US State Department's India AI Impact Summit, is the most major technology trading bloc since Cold War CoCom (Coordinating Committee for Multilateral Export Controls) restrictions. China's October 2025 rare earth export licensing (90% processing capacity control) and TSMC's 80% advanced node (<5nm) dominance prompted the alliance to pursue "trusted supply chain resilience" for AI, quantum computing, and defense semiconductors. The founding members are the United States, Japan, South Korea, Australia, and Israel (core); India (joined in February 2026); the United Kingdom and Singapore (design); and the United Arab Emirates, Qatar, and Greece (infrastructure).

Goals for Capacity Redistribution in 2028: AI Infrastructure: 35% (US, Japan, and South Korea); EDA Software: 85% (US Synopsys/Cadence monopoly); Advanced Nodes (<5nm): 40% worldwide capacity (China: 60%); Critical Minerals: +25% varied sourcing (UAE/Australia). The CHIPS+ Alliance Fund ($280B US + ¥10T Japan subsidies), the Silicon Standards Board ("Trusted Foundry" certification excluding Huawei/SMIC), the TechShield Protocol (export controls beyond Wassenaar), and the Rare Earth Diversification Pact (Australia/UAE/Latin America sourcing) comprise the institutional framework.

Market Impact (2025-26): TSMC revenue +18% (US/Japan orders); SMIC (China) -22% (tooling restrictions); India Chip Index +45% (February 2026); Hang Seng Tech -31% YTD.

OPEC+: ENERGY TRADE

The evolving role of the OPEC+ alliance illustrates how resource-based coalitions are reshaping the structure of global economic governance. Comprising major oil-exporting states and strategic partners, the group collectively influences a substantial share of global crude oil production and pricing. Through coordinated output decisions, OPEC+ has the ability to affect global supply levels, stabilize prices, and indirectly shape energy security policies across multiple regions.

In recent years, coordinated production cuts and supply management strategies have demonstrated the collective power of energy-producing nations to influence global markets. When supply reductions are implemented by OPEC+ members, global benchmark prices such as Brent crude tend to rise significantly, influencing inflation rates, industrial production costs, and trade balances worldwide. Such coordinated decisions highlight how commodity alliances can exercise economic leverage comparable to, and sometimes exceeding, the regulatory influence of traditional multilateral trade institutions.

Institutional Power: With $1.2T in income, OPEC+ (13 OPEC + 10 allies) controls 60% of the world's crude. Brent reached a top of $92 per barrel in 2025 due to cutbacks of 2.2 million barrels per day. Payment Revolution: Through the BRICS Payment System, 85% of transactions are in dollars and 30% are in non-dollars (petroyuan 18%, rupees 7%, and rubles 12%). Market Impact: US shale +1.5M bpd (2026); EU LNG +45% (Qatar/US); India Russian oil 40% imports. Strategic Implications: India balances Saudi contracts with Russian discounts; EU CBAM retaliation cycle; revenue weaponization undermines dollar dominance.

Bloc	Members	GDP Share	Key Sectors	WTO Challenge
Pax Silica	10 nations	AI/semicon 40%	Semiconductors	TRIPS exclusions
AfCFTA	54 African nations	$3.4T PPP	Manufacturing	LDC phase-out
APTA	8 Asian countries	25% manuf.	Electronics	China regionalism
OPEC+	23 nations	60% oil	Energy payments	State enterprises

Another significant development is the gradual shift in energy payment mechanisms. While the US dollar has historically dominated international oil transactions, emerging financial frameworks promoted by alternative economic coalitions are encouraging the use of diversified currency systems. Some transactions increasingly occur in regional currencies, reflecting broader efforts to reduce reliance on a single global reserve currency. This shift is closely linked to initiatives associated with the BRICS economic grouping, which has explored alternative financial infrastructures to facilitate cross-border trade settlements.

The diversification of energy trade currencies carries substantial geopolitical implications. If energy producers increasingly adopt multi-currency settlement systems, it could gradually reshape global financial flows and reduce the dominance of traditional monetary structures within global trade.

Market Realignments and the Rise of Competitive Energy Supply

The global energy market is also undergoing rapid transformation due to technological innovation and changing geopolitical priorities. The expansion of unconventional oil production—particularly shale extraction technologies—has increased supply capacity in several major economies. This has reduced dependency on traditional oil exporters and introduced greater competition into the global energy market.

Simultaneously, the rapid expansion of liquefied natural gas (LNG) trade has reshaped global energy supply chains. LNG exporters are increasingly supplying markets that historically depended on pipeline-based energy imports, altering the strategic landscape of international energy trade. These shifts have introduced new trade relationships and diversified global energy flows.

The growing diversification of energy suppliers has created a more complex market environment where regional alliances, bilateral agreements, and strategic energy partnerships increasingly coexist with multilateral trade frameworks.

Strategic Economic Implications for Global Trade Governance

The growing influence of resource alliances such as OPEC+ raises important questions regarding the effectiveness of multilateral trade institutions in regulating modern economic power structures. Unlike traditional trade organizations that rely on formal legal frameworks and dispute resolution mechanisms, commodity alliances operate primarily through voluntary coordination among member states.

This creates a governance gap where strategic economic decisions—such as production quotas or export restrictions—can significantly influence global markets while remaining largely outside the regulatory scope of multilateral trade institutions.

At the same time, emerging economic blocs and regional trade agreements are increasingly shaping global economic governance. Initiatives such as the African Continental Free Trade Area and the Asia-Pacific Trade Agreement demonstrate how regional integration projects are gaining prominence as alternative frameworks for economic cooperation.

As regional alliances strengthen and resource coalitions expand their influence, the authority of global institutions like the WTO faces growing scrutiny. Many analysts argue that existing multilateral structures must adapt to the realities of a multipolar economic system, where power is distributed across multiple regional blocs rather than concentrated within a single global order.

Implications for the Future of Multilateral Trade Institutions

The increasing influence of regional trade blocs and resource-based coalitions raises critical questions about the future role of multilateral institutions. If economic governance becomes increasingly decentralized, the ability of organizations like the WTO to enforce global trade rules may be weakened.

Delegates must therefore examine whether multilateral trade institutions can evolve to remain relevant in a global economy characterized by competing trade alliances, diversified financial systems, and shifting economic power centers.

Possible avenues for reform include improving institutional representation for emerging economies, strengthening dispute settlement mechanisms, and developing frameworks capable of addressing the economic influence of regional trade blocs and commodity alliances.

Case studies

A) State of the Venezuela oil industry.

It's important first to consider the history of Venezuela's oil industry. Under former President Carlos Andres Perez, Venezuela nationalized its oil industry on Jan. 1, 1976. In the 1990s, Venezuela took steps to open the sector to foreign investment. However, under former President Hugo Chavez, it expropriated international oil and gas assets in 2007.

Venezuela's oil is a heavy/sour crude that requires technical expertise to extract and process. Following the expropriation, production went into severe decline as the technical know-how and skilled labor left the country and foreign investment dried up. Equipment fell into disrepair. U.S. sanctions only exacerbated the decline. Venezuela used to produce 3.5 million barrels per day (bbl/d) in the 1970s, accounting for 7% of global supply, but this has declined to an average of 921,000 bbl/d in 2024, only 0.8% of global production. It exported approximately 750,000 bbl/d, with China the largest buyer at slightly over 500,000 bbl/d, accounting for just under 4% of China's supply.

Venezuela's Crude Oil Exports

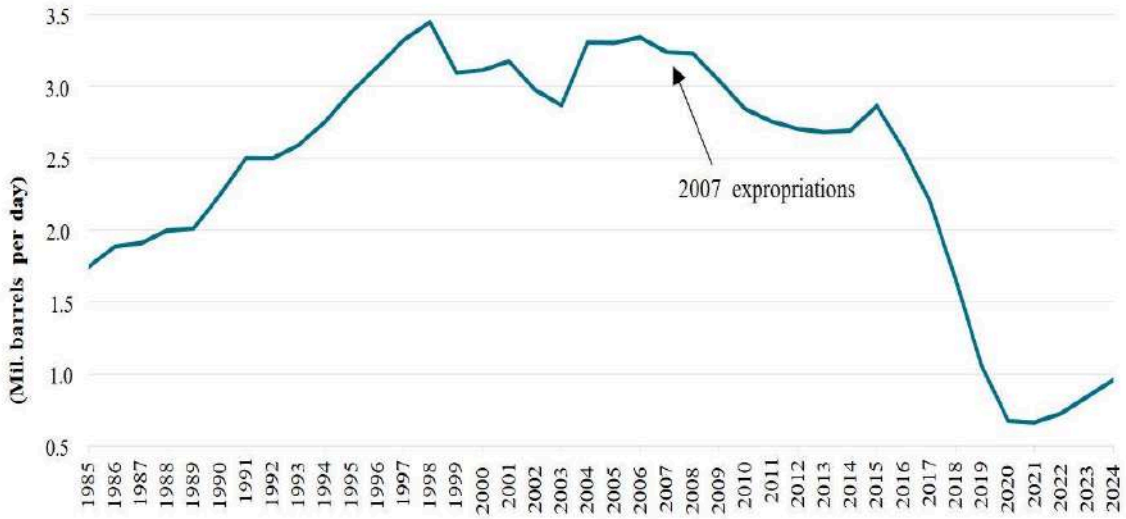
In 2023, Venezuela exported 211.6 million barrels of crude oil, with more than 90% going to just China and the United States. The data table below lists each country's total barrels imported and its share of Venezuela's exports in 2023:

Country	**Barrels of crude oil exports from Venezuela (2023)**	**Share**
1] 🇨🇳 China	144,071,000	68.1%
2] 🇺🇸 United States	48,467,000	22.9%
3] 🇪🇸 Spain	8,533,000	4.0%
4] 🇨🇺 Cuba	7,587,000	3.6%

5] 🇸🇬 Singapore	1,092,000	0.5%
6] 🇧🇸 Bahamas	923,000	0.4%
7] 🇲🇾 Malaysia	618,000	0.3%
8] 🇷🇺 Russia	358,000	0.2%

China was the dominant destination for Venezuelan crude, importing 144 million barrels in 2023, which represented 68% of all of the South American country's crude oil exports. The U.S. was the next largest buyer with 48.5 million barrels imported from Venezuela in 2023, or around 23% of Venezuela's total crude oil exports that year.Spain and Cuba were the next two countries with significant amounts of crude oil imports from Venezuela at 8.5 million and 7.6 million barrels, respectively, in 2023.

Venezuela's oil production, 1985-2024



Sources: 2025 Energy Institute Statistical Review of World Energy, S&P Global Ratings.

USA INVASION IN VENEZUELA

Operation Resolve and the capture of Nicolás Maduro

In the early morning of 3 January 2026 the United States conducted a military raid on Caracas, Venezuela's capital, capturing Venezuelan President Nicolás Maduro and his wife, Cilia Flores. As part of a wider military operation called "Operation Resolve", which also targeted military infrastructure across the country, US special forces transported the two captives to the US warship Iwo Jima, who were then taken to New York.

US Attorney General Pamela Bondi, said that both individuals had "been indicted in the Southern District of New York" and that Mr Maduro had been charged with "Narco-Terrorism Conspiracy, Cocaine Importation Conspiracy, Possession of Machineguns and Destructive Devices, and Conspiracy to Possess Machineguns and Destructive Devices against the United States".

No other senior figures in the Venezuelan Government appeared to have been targeted in Operation Resolve. On 5 January 2026, Venezuela's Vice President Delcy Rodriguez was sworn in as interim president, in front of the country's National Assembly.

US statements on the military operation and next steps

In a press conference on 3 January Mr Trump said of Venezuela "We are going to run the country, until we can do a safe, proper and judicious transition", adding "so we don't want to be involved with…having somebody else get in and we have the same situation that we had for the last long period of years".

President Trump also mentioned US involvement in Venezuela's oil industry, saying "We're going to have our very large United States oil companies, the biggest anywhere in the world, go in, spend billions of dollars, fix the badly broken infrastructure, the oil infrastructure, and start making money for the country

US position on the current Venezuelan Government and the opposition

On 4 January Marco Rubio appeared to suggest that Mr Trump's comments about the US running Venezuela were more about the US's ability to influence the government there, saying "What we are running is the direction that this is going to

move forward. And that is, we have leverage. This leverage we are using. And we intend to use it. We started using it already".

The following day Mr Trump reiterated his comments about the US being in charge of Venezuela. He told reporters "don't ask me who's in charge, because I'll give you an answer, and it'll be very controversial". Asked "what does that mean?", the President responded, "it means we're in charge".

Invasion of USA in IRAQ

In 2002, just before the Iraq War, the United States consumed approximately 19.7 million barrels of oil per day (MMBD). Of this amount, around 10.5 MMBD (about 53%) came from net imports, meaning the country depended significantly on foreign oil supplies. However, only 2.3 MMBD, around 12% of U.S. oil consumption came directly from the Persian Gulf region. Despite this relatively small share, disruptions to Persian Gulf oil supplies could still significantly affect the United States through broader global economic mechanisms.

The global importance of the Persian Gulf becomes clearer when examining international oil trade patterns. In 2002, the region accounted for approximately 41.4% of all global oil exports, or about 18.1 million barrels per day out of 43.6 million barrels traded globally. This large share means that any instability in the region could have widespread effects on global energy markets.

Long-term projections have also highlighted the growing importance of oil supplies from the Persian Gulf. Global oil demand has increased significantly over the past decades. Over the 20 years prior to 2003, worldwide oil consumption rose by roughly 30 percent. Forecasts at the time predicted that global demand would increase from 77.1 MMBD in 2001 to approximately 118.8 MMBD by 2025, representing an increase of more than 54 percent. These projections also suggested that net oil imports for major economies including the United States, Europe, and Japan would continue to grow, with U.S. imports potentially reaching nearly 19.8 MMBD by 2025.

A key reason for the strategic importance of the Persian Gulf is the concentration of global oil reserves in the region. Nearly two-thirds of the world's proven oil reserves are located there. Among individual countries, Saudi Arabia held approximately 25 percent of global proven oil reserves, making it the largest reserve holder. Iraq ranked second with nearly 11 percent, followed by Kuwait (about 9.2 percent), Iran (about 8.6 percent), and the United Arab Emirates (about 9.3 percent). This concentration of resources means that political or military developments in the region can strongly influence global energy markets.

Because of this strategic importance, ensuring access to Persian Gulf oil has been a central objective of U.S. national security policy since World War II. This policy was clearly articulated in Carter Doctrine, announced in 1980 by Jimmy Carter following the Soviet invasion of Afghanistan. The doctrine declared that any attempt by an external power to gain control of the Persian Gulf region would be considered a threat to vital U.S. interests and could be met with military force.

Since the end of the Cold War, however, the risks to global oil supplies have evolved. One major concern is the possibility that oil-producing states could use their market power to manipulate oil prices or exert political pressure on other countries. A historical example of such leverage occurred during the 1973 Arab Oil Embargo, when Arab oil producers reduced production by less than 25 percent—representing under 10 percent of global oil output yet oil prices increased nearly fourfold. This event demonstrated the powerful economic impact that relatively small supply disruptions can have on global markets.

Another example occurred during the Iraqi invasion of Kuwait, when Saddam Hussein's takeover of Kuwait temporarily placed Iraq in control of a significant portion of global oil reserves. Had Iraq retained control, it could have potentially influenced oil markets and exerted pressure on neighboring producers such as Saudi Arabia.

A second major risk involves sudden supply disruptions caused by regional conflicts or internal instability. Historically, some disruptions have had limited effects on global oil supplies because alternative sources were available. For example, the Suez Crisis and the loss of Iraqi and Kuwaiti production during the Gulf War did not significantly reduce global oil supplies due to compensating production elsewhere.

In contrast, other events had far more serious consequences. The Iranian Revolution and the subsequent Iran–Iraq War caused major disruptions in oil production in the Persian Gulf. These disruptions significantly reduced global oil supply and led to sharp price increases, with oil prices more than doubling during some periods.

Since the signing of Executive Order 13303 (EO13303) by President George W Bush on 22 May 2003, all revenues from Iraq's oil sales have been funneled directly into an account at the Federal Reserve Bank of New York.

This dilemma is causing an additional problem for Iraq. Its Central Bank funds are deposited in multiple accounts - amounting to about $ 99 billion (November 2022 figures), deposited in central banks in a number of countries ($ 13.8 billion), in securities ($ 52.8 billion), in international banks ($ 8.15 billion), in addition to about $ 7.3 billion in physical gold in Iraq and abroad.

Conclusion

The evolving global economic landscape has raised critical questions regarding the effectiveness, legitimacy, and adaptability of multilateral trade institutions such as the World Trade Organization. As economic power gradually shifts and new regional trade blocs emerge, the relevance of established global trade mechanisms is increasingly being tested. While multilateral frameworks have historically provided stability, predictability, and dispute resolution in international commerce, their ability to address modern economic complexities remains under constant scrutiny.

In this context, it becomes essential for the international community to reassess how global trade institutions can evolve to reflect contemporary realities while maintaining fairness, transparency, and inclusivity. Strengthening cooperation, improving representation of emerging economies, and adapting institutional mechanisms will be key to ensuring that the multilateral trading system continues to function effectively.

Delegates are therefore encouraged to critically evaluate existing structures, identify gaps within the current framework, and propose pragmatic and forward-looking approaches that can reinforce trust and cooperation within the global trading system. The discussions in this committee will play a vital role in shaping perspectives on how international trade governance can remain relevant in an increasingly multipolar world.

Documentation Guide

1. Position Paper

UNITED NATIONS
SECURITY COUNCIL

Committee - United Nations Security Council
Agenda - Discussing the Conflict of Armenia-Azerbaijan with Special emphasis on Nagorno-Karabakh
Portfolio - The French Republic (République française in French)
School - _____
Delegate Name - _____

The Republic of Azerbaijan and Armenia have engaged in an armed conflict ever since the late 1980s in the southern part of Caucasus. This is marked by the armed struggle in 2020, the recent struggles in the year 2023, and the region of Nagorno-Karabakh. The socio-political situation that has emerged socio, ethnical, and cultural over the years has resulted in civilizational destruction, exile, and the breeding of humanitarian crises. Putting territorial boundaries aside, the region is a commingled hotspot of ancient civilizations, multi-ethnic nations, cultures, social structures, languages, belief systems, and traditions.

The OSCE Minsk Group and the UN have tried multiple times to veil the struggle through diplomacy and protecting human life. Providing sovereignty, the borders of domination, aggressing in the will affiliated with channeling balance becomes innocuous of human dignity and restrain precondition of humanity. France, belonging to the Co-Chairs of the OSCE alongside the French Republic, stating themselves under law showcases the need for guiding policies.

The conflict has gravely impacted the regional equilibrium from a political point of view as continuous violations of the ceasefire are escalating the threat to world peace. The bilateral ties between the nations Armenia and Azerbaijan are at an all-time low due to constant external interference from global players. France, today, stands for a resumption of diplomatic talks based on shared beliefs of mutual
recognition and respect for international law as cultural conflicts often spiral into ethnic conflicts which are a huge burden and travesty for humanity at large. France calls for the need to promote settlement plans, cultural sites, and displaced people.

The use of drones and cyber warfare has shown that this conflict has evolved militarily, raising concerns about the use of deadly weaponry and the risks of higher civilian casualties.

In a nutshell, France is convinced that peace will always prevail over war. Humans should be able to live in peace, without fear, without losing their homes, and without violence. We cannot continue to have history repeat the same suffering. France invites all countries to unite, not to take sides, but to save lives. This is not about territory, it is about humanity. It's time to end the violence, to begin the conversation, and to create a future where no child ever has to listen to the rumbles of war.

Let this be the generation that decides upon peace rather than power, unity instead of division, and
hope instead of hate. France is prepared, the world should be too.

Thank you,
The delegate of France

2. Presidential Statement

Presidential Statement

Agenda: Addressing the Global Refugee Crisis Caused by Cross-Border Transgressions and

Conflicts

The United States of America
Whitehouse, Oval Office

Date: 21 June 2025

President, esteemed delegates,

The United States addresses this chamber not as an observer of the conflict. But as the nation practicing principle and burdened with duty. From the wasteland left where once was a thriving country to the terrorised city of Gaza. Yemen's starving children to the unheard voices of Iranian civilians, this refugee crisis is not an accident. It's the conclusion of a plot of cross border transgressions fueled by extremists, proxy militias and overall imbeciles. Last night, the United States launched targeted, and proportional air strikes on Iranian nuclear infrastructure facilities used not for clean energy however to shield its military campaign to proclaim military grade uranium. Leading to greater regional destabilisation.Iran has traded warfare under the pseudo of hezbollah and the Houthis, alleged of funding Hamas operations too. Where, human rights are barely a word with any definition where accountability is unseen just as a child lost under the tremor of their operations. So let this air strike, a declaration that we are not bystanders, were opposers of

such practices. The United States reaffirms its commitment to international law, refugee protection, and the sovereignty of nations. But sovereignty is not a license to destroy neighboring peoples. The nation will stand to lead not with arms, but with asylum, aid and diplomacy. We stand committed, we propose to build refugee shelters in Puerto Rico and repurpose abandoned prison facilities, after refurbishing them to meet basic human needs.Thank you

President of the United States of America

3. Working Paper

Working Paper 1.0

Committee-_____

Agenda-_____

Authors- _____

Signatories- _____

PREAMBLE

We, the Leaders of the Summit , reaffirm our commitment to having collectively resolved consensus after multifaceted deliberation on "building a stronger and more reliable healthcare infrastructure,to aid recovery and prevention against pandemics" to constitute multiple committees, partnerships and securing to all global citizens an equitable global health infrastructure. Ensuring that all people, regardless of their circumstances, have access to quality healthcare. In the_____, we do hereby adopt, enact and give to ourselves this declaration.

1. World Pandemic Response Network:

An international monitoring and alert system will be set up to identify pathogens through biosensors within a week. Countries with robust trade capacities will support resource and information sharing, providing advanced port systems for transport. Wealthy nations will offer essential resources and monetary support to less affluent countries. Healthcare professionals in G20 nations will undergo routine training in crisis management to uphold international humanitarian laws safeguarding fundamental human rights.

2. Digitalization of Healthcare and its infrastructure:

We commit the monitoring of cases through telemedicine. With the help of the same, we commit caring of patients even during curfews & lockdowns through online services. For the purpose of transparency and accountability, each G20 member will aid other countries by sharing their experience and issues with other

countries for solutions.

3. Fostering Innovation and Ethical Healthcare Practices:

Establishing a Global Health healthcare solutions for global health ensuring challenges, prioritising funding for LMIC research facilities. Ideally funded by HIC's, the program focuses on digital health technologies, biotechnological advancements, and sustainable healthcare infrastructure. The goal is to improve access to care and health outcomes through telemedicine, AI-driven diagnostics, gene editing, personalized medicine, and vaccine development. Additionally, promoting sustainable healthcare facilities with renewable energy and climate resilience. The initiative is guided by an International Code of Ethics for Healthcare Innovation.

4. Establishing a Public Private Partnership to increase transparency among the two sectors:

In order to achieve the SDGs and guarantee ethical healthcare, a collaboration between the government and private sector will be established. In accordance with Section 135 of the Companies Act, a group will oversee and document corporate social responsibility (CSR) contributions from the private sector according to their profit margins. Corporations in the 2%-5% range are eligible, with tax cuts for those surpassing the threshold. This method advocates for transparent communication, decentralization, social well-being, and ethical norms.

Conclusion

We reiterate our commitment to the sustainable growth and development of healthcare. The G20 recognises healthcare as a universal right that shall not be compromised, which it reaffirms through the reforms under the declaration above. We are committed to building a safer and more reliable healthcare system.

4. Press Release

PRESS RELEASE

Committee- UNEP

Author - Delegate of India

Agenda- Addressing Global Warming and Climate Action

The Delegation of India reaffirms its unwavering commitment to combating global warming through equitable, sustainable, and science-driven climate action. Climate change remains one of the most pressing challenges of our time, disproportionately affecting developing nations despite their historically lower contributions to greenhouse gas emissions.

India emphasizes the principle of Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC)as enshrined in the United Nations Framework Convention on Climate Change. Any global climate framework must reflect historical accountability and ensure climate

justice for the Global South.

India has demonstrated leadership through ambitious initiatives, including its updated Nationally Determined Contributions (NDCs) under the Paris Agreement. The nation has committed to achieving net-zero emissions by 2070 and significantly expanding its renewable energy capacity.

Through the establishment of the International Solar Alliance, India has mobilized global partnerships to promote clean energy access, particularly for developing countries. Furthermore, India advocates for increased climate finance, technology transfer, and capacity-building support from developed nations to ensure a just transition.

The Delegation of India calls upon all Member States to:

1. Accelerate the transition to renewable energy sources.
2. Fulfill climate finance commitments exceeding USD 100 billion annually.
3. Promote sustainable consumption and production patterns.
4. Invest in climate-resilient infrastructure in vulnerable regions.

India believes that environmental responsibility must align with economic development and poverty eradication. Sustainable growth, green innovation, and multilateral cooperation remain the cornerstones of effective global climate governance.

The Delegation stands ready to collaborate constructively with all nations to secure a resilient, sustainable, and equitable future for generations to come.

“Climate justice is not a choice; it is an obligation.”

5.WTO Bill

Bill Name

Committee: World Trade Organization

Agenda: Regulating Cross-Border Digital Trade and Data Flows to Ensure Fair Competition in the Global Digital Economy

Authors:

Signatories:

Preamble

Acknowledging the rapid expansion of digital commerce and cross-border data flows in the global economy,

Recognizing the growing role of technology companies and digital platforms in

international trade,

Concerned by the absence of uniform global standards governing digital trade, data localization, and digital taxation,

Noting the disparities between developed and developing economies in accessing digital infrastructure and participating in the digital marketplace,

Reaffirming the commitment of the World Trade Organization to promote fair, transparent, and predictable global trade systems,

Section I: Objectives

1. To establish internationally accepted norms governing cross-border digital trade and digital services.
2. To ensure fair competition between multinational digital corporations and emerging digital enterprises.
3. To reduce regulatory fragmentation affecting digital commerce across jurisdictions.
4. To promote inclusive digital trade participation among developing and emerging economies.
5.

Section II: Regulatory Framework

1. Establishment of a Digital Trade Regulatory Framework within the World Trade Organization to guide member states on digital trade governance.
2. Creation of global guidelines addressing:
    - Cross-border data flows
    - Data localization policies
    - Digital taxation frameworks
    - Consumer protection in digital markets
3. Encouragement of member states to maintain transparent digital trade policies to avoid hidden trade barriers.
4. Promotion of fair competition policies preventing monopolistic practices by dominant digital platforms.

Section III: Capacity Building and Inclusion

1. Development of international programs assisting developing economies in building digital trade infrastructure.
2. Facilitation of knowledge sharing and technical assistance programs through the World Trade Organization.
3. Encouragement of partnerships between technologically advanced economies and developing markets to bridge the digital divide.

Section IV: Monitoring and Compliance

1. Establishment of a Digital Trade Monitoring Body under the World Trade Organization to review member state policies affecting digital trade.

2. Member states shall submit periodic reports outlining regulatory measures affecting cross-border digital commerce.
3. Trade disputes arising from digital trade regulations shall be addressed through existing WTO dispute settlement mechanisms.

Section V: Review Mechanism

1. A global review conference shall be held every three years to assess the effectiveness of digital trade governance measures.
2. Recommendations for amendments or improvements shall be adopted through consensus among member states.

Questions a Resolution Must Answer

1. How can multilateral trade institutions strengthen their legitimacy and credibility in an increasingly multipolar global economic system?

2. What reforms can be introduced to improve the effectiveness and functioning of the WTO's dispute settlement mechanism?

3. How should multilateral institutions address the growing influence of regional and bilateral trade agreements that may challenge the global trading framework?

4. What steps can be taken to ensure fair representation and participation of developing and emerging economies in global trade governance?

5. How can global trade institutions respond to the increasing use of tariffs, trade restrictions, and economic protectionism by major economies?

6. What mechanisms can be introduced to manage supply chain vulnerabilities and disruptions affecting international trade flows?

7. How should multilateral trade institutions address strategic control over critical resources such as rare earth minerals and key commodities?

8. What role should international trade institutions play in mitigating the economic impact of geopolitical conflicts and disruptions to global trade routes?

9. How can transparency, accountability, and rule-based decision making be strengthened within multilateral trade organizations?

10. What new frameworks or reforms are necessary to ensure that the multilateral trading system remains relevant, stable, and effective in the evolving global economic order?

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