

Forum:
ECOSOC

Topic:
Establishing global resilience against exceptionalism in international trade

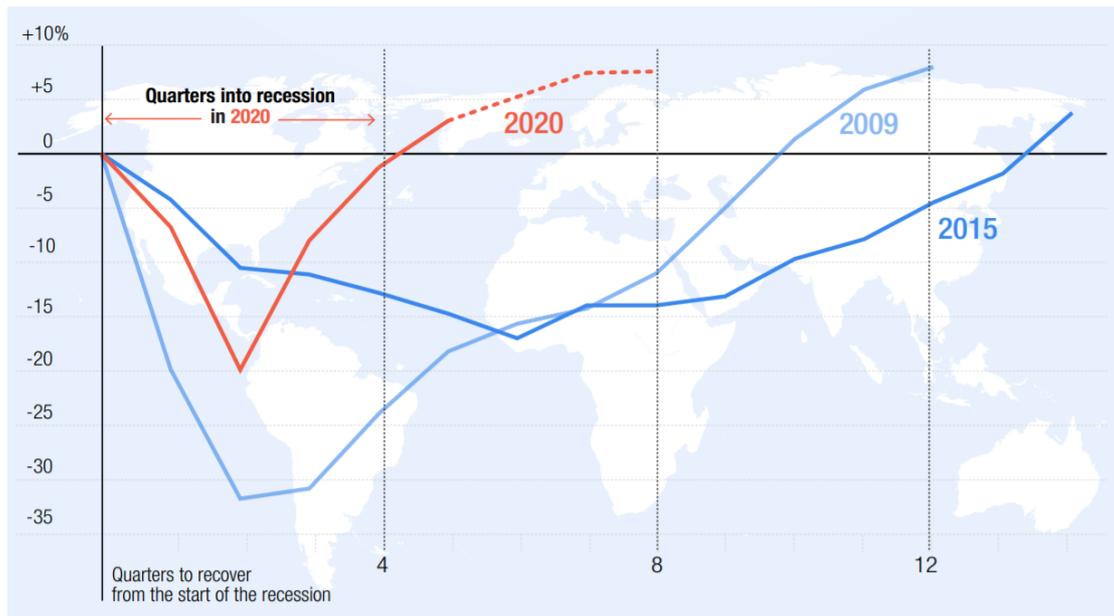
Overview

Out of the numerous effects of the COVID-19 pandemic, the disruption of international trade has been one of the most significant. According to the World Economic Forum, global trade fell by 8.9% in 2020, the greatest drop ever since the global financial crisis in 2007. We also see a significant decline in the decline in the trade of services, which dropped by an alarming rate of more than 20%.

The decline could be attributed to several reasons. Firstly, and obviously, the original decline in global trade results from the disease itself. Lockdowns were imposed to limit the spread of the virus. This restriction limited the movements of peoples. This is the reason why service trade has been affected the most, because workers were unable to travel to other countries to provide the services. The trade of goods was affected as well. Restrictions impeded production and shipping. Workers stayed at home instead of working in the producing factories. Governments regulated the flow of transport to prevent the spread of the virus. Delays in production and transport from restrictions disrupted supply chains. Imbalances in trade raised shipping costs by 350%.

The second cause to the decline of global trade is the response of the respective countries. COVID-19 posed a double risk to nations and companies: trades and import meant the risk of a wave of infections triggered by viruses. It also meant relying on foreign supply chains that may not be as reliable. At the beginning stages of the pandemic, governments even limited the export of essential medical supplies and food to protect self-interests. To protect their self-interests, countries decreased their national imports and exports.

Even now, with the COVID-19 pandemic receding from the global stage, countries have gone into the habit of relying less on each other, and more on themselves-- an act that demonstrates the ideal of exceptionalism. Yet we know that there is a need to ensure the exchange of goods across the globe. According to OCED, "Trade is essential to save both lives and livelihoods."

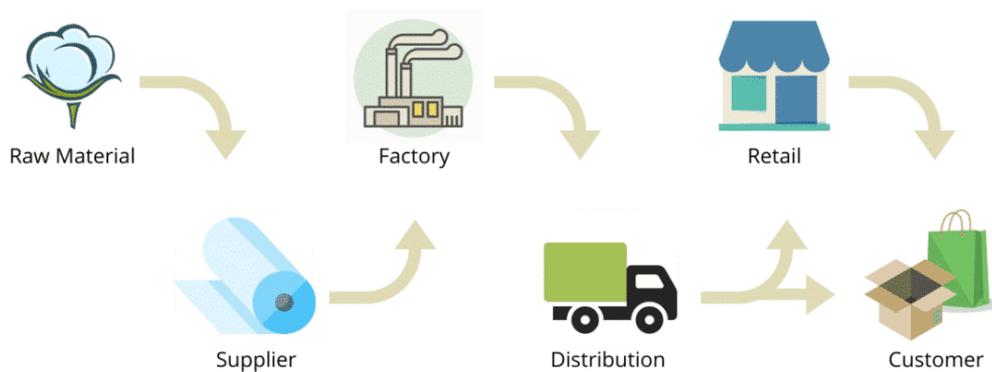


Keyterms

Exceptionalism: the belief that something is exceptional. Put in context of global trade, when a country's policy is dominated by the idea of exceptionalism, a country believes that it has the capability to manage everything on their own. This country will not trade with others as much. They will not rely on products and supplies from foreign countries. Instead, they will rely on domestic ones.

Supply chain: a supply chain refers to a series of people or companies that work to produce the final product.

- Foreign supply chain: the sequence of producers of the product are in another country
- Domestic supply chain: the sequence of producers of the product are within the country



Resilience: the ability to recover quickly and fully from disruptions or difficulties, in this case, exceptionalism.

Tariff: tax to be paid in import and export.

Important Events/Timelines Involved

1830 – 1870: This was the first true period of globalization. Openness increased and trade flowed between countries. Inventions such as the steamship and the telegraph changed made international trade faster and cheaper.

1870 – 1913: Trade stagnated before WWI. International exports were relatively even across continents at this time. The creation of the Suez Canal and the Panama Canal opened the entire globe to trade.

1913 – 1918: World War I put a halt on international trade growth. The war all across the world led to a decrease in globalization which lasted until after WWII.

1918-1929: From the signing to the Treaty of Versailles to the Great Depression, trade recovered from the wartime shock.

1929 – 1938: The Great Depression wrecked the economy in Europe. On the other hand, countries like Japan actually gained more economic traction in international trade. More than one-third of trade stopped during the depression.

1938-1945: World War II put a halt to international trade. The end of the war resulted in superpowers with the ability to control the market.

1950 – 1973: The ‘Golden Age’ was the rebound of the international economy following the World Wars and the Great Depression. The end of the war left superpowers such as the United States and the Soviet Union with a trade advantage. Europe returned with their dominance in trade along with the United States.

1973 – 1975: The Oil Crisis and the recession during put a halt to the expansion following WWII.

1975 – 2007: Following the Great recession international trade experienced unstoppable growth. Asia’s share in international trade grew from 1/6 to 1/3.

2007 Growth in international trade has slowly come to a halt. The global economy begins to lack the openness so prevalent in the previous decades.

2018 trade wars between China and United States

2019 COVID-19 virus is discovered and identified

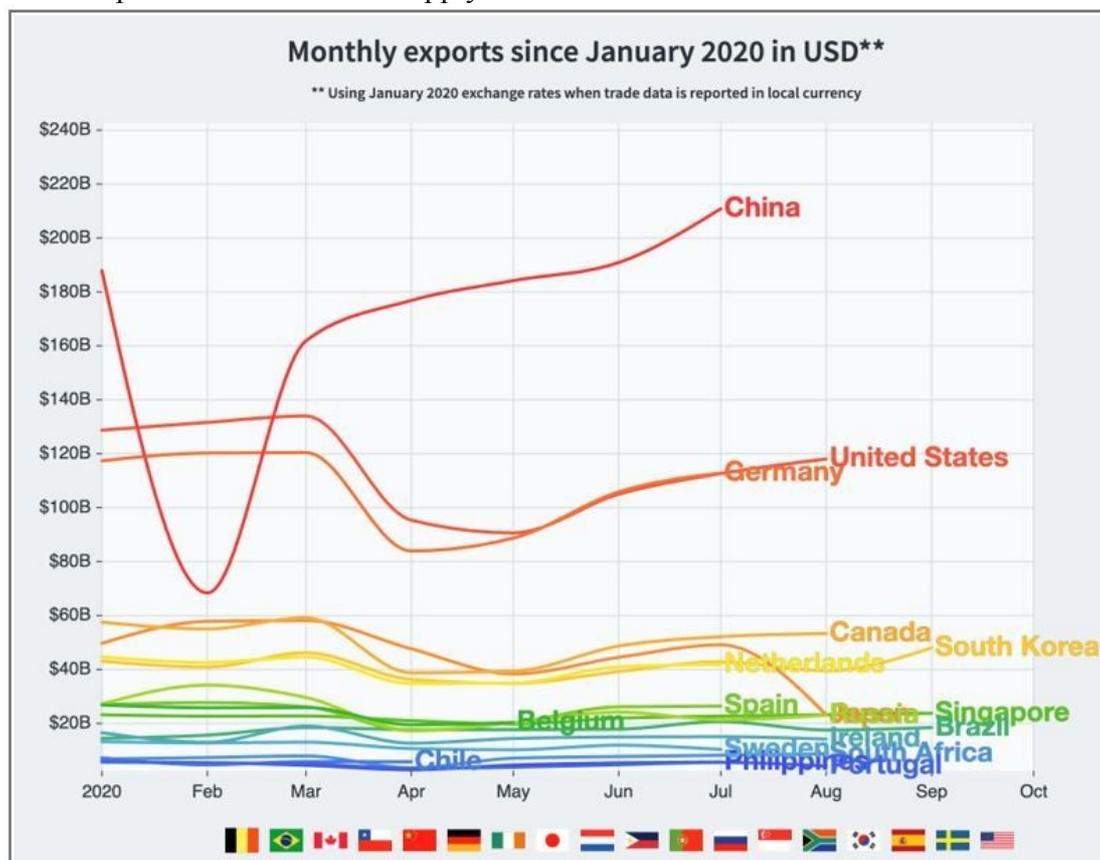
2020 may/April export restricting measures peak throughout all nations

2022 In the US, the FDA approves the Moderna COVID-19 vaccine, now called Spikevax, Pfizer-BioNTech COVID-19 vaccine, called Comirnaty, the Novavax COVID-19,

Major Nations/Organizations Involved

China

China has been the first country hit by the pandemic. However, China is also the country that has affected the least from the disruption of global supply chains. The fall in Chinese trade was much smaller than in other regions. The recovery of Chinese trade was especially strong, as the global demand for Chinese goods remains high. China was also able to reopen its domestic supply chains quickly to compensate for the disruption of international supply chains.



China and United States

China and the United States have engaged in a trade war in the time period around 2018. In 2016, Trump advocated for leveling out the trade disparities between the U.S. and some of its allies in his 2016 presidential campaign. The conflict escalated as each country increased the value and scope of tariffs, outdoing the other, gradually increasing the amount of goods affected by tariffs. By cutting off trade, both attempted to cut the interdependence of their economies.

World Trade Organization

The World Trade Organization is responsible for conducting international trade. It is the only global international organization dealing with the rules of trade between

nations.

Important Documents

International trade resilience and the Covid-19 pandemic Report <https://www.sciencedirect.com/science/article/pii/S014829632100638X>

The 2020 Global Resilience Report <https://resiliencEI.com/resilience-research/2020-report/>

RETHINKING GLOBAL RESILIENCE REPORT

<https://www.imf.org/external/pubs/ft/fandd/2020/09/pdf/rethinking-global-resilience-goldin.pdf>

Possible Solutions

Network solutions are required.

The COVID-19 pandemic underscores the need to strengthen global risk management. And it's not just COVID-19, it's climate change, it's the financial crisis. Reform is needed to tame the butterfly defects of globalization. These networked threats require changes to all parts of the system. As individuals, we must start by changing our own behavior -- putting on a mask, for example, and weaning ourselves off fossil fuels. We should call this everyone's responsibility. Companies should view prudent levels of stand-by working capital as a valuable flexible investment, not just an excess risk that needs to be cut in order to maximize leverage. Minimizing capital or spare capacity through just-in-time or lean management systems reduces resilience. Regulators should heed the lessons of Eyjafjallajökull, the Tohoku tsunami, Hurricanes Katrina to Maria, and now covid-19: widespread wasting can amplify into systemic vulnerability. Our financial, digital, trade and other systems are interwoven through complex networks. Intersecting nodes and hubs are concentrated in specific locations, such as global financial centers and major ports and airports. The concentration of logistics or other nodes in one location makes them vulnerable to attack, as does the concentration of key personnel and information in the headquarters building. Greater geographic diversity can enhance resilience, but its benefits are not yet reflected in competition policy or risk management strategies.

Looking at the growth in the number of fsQCA applications in the business sector studies on a country-by-country basis and trying to determine the configuration of factors that may have helped some countries achieve trade resilience FsQCA has rapidly established itself as a valuable and valuable systematic approach to comparative social inquiry due to its ability to address causal complexity. Maintaining a trade-friendly environment is of the utmost importance; In these countries,

governments do not impose many restrictions, instead emphasizing business continuity (or quick recovery), possibly at the cost of lives, and are relatively more robust and responsive.

- Laissez-faire. In four out of the five months, Sweden exhibited trade resilience. Sweden shows high national income, strong logistics and healthcare systems, and solid globalization, both socially and economically. However, the distinctive condition is a relatively lax government response, which allowed businesses to remain open, propping-up the economy and supporting imports and exports. It is important to note that while Sweden maintained trade robustness and responsiveness during the first wave, high mortality rates ensued (JHU, 2021). That is a hefty price to pay for trade resilience. The COVID-19 crisis has probably touched everyone's life on the earth. The impact of loss of life and changes in human interactions Economic activity will be with us for generations to come. So it's crucial to understand the factors in our global economy that allow this disruptive effects, benefits and costs of resilience, and solutions. This could lead to a rapid economic recovery. With this knowledge, we can do it. Start preparing for future crises.

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Picture credits

[A Beginner's Guide To Sustainable Fashion Supply Chains \(acteevism.com\)](#)

[This is how COVID-19 has affected international trade | World Economic Forum \(weforum.org\)](#)