

CHAIR REPORT

Committee: General Assembly 2 (ECOFIN)

Topic: The Issue of Strengthening Global Economic Resilience in the face of Global Supply Chain Disruption

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Introduction

The global economy has long been interconnected. Fresh produce can be bought at domestic supermarkets, and factories can easily obtain raw materials shipped from overseas. This unimpeded flow, which has become commonplace in daily life, is entirely sustained by cross-border supply chains, the complete chain that delivers goods from the production to consumers by overseeing the cross-border movement of essential items. From daily necessities and imported grain to factory raw materials, energy that powers society, and tech products on the market, supply chains play a core role in ensuring these goods continuously reach countries around the world.

However, a series of crises in recent years have exposed the deep-seated flaws hiding in this global supply chain system. Including the COVID-19 pandemic, geopolitical tensions, natural disasters, and disruptions to major trade routes that bear the vast majority of international trade volumes. One incident after another has left the originally tightly linked supply chain riddled with holes.

For the international community, strengthening global economic resilience is therefore an urgent priority. When goods in demand are unavailable, prices skyrocket; when factories are unable to obtain the raw materials they require, production schedules are repeatedly delayed. As these problems accumulate, the entire economic system falls into turmoil. No nation can escape these impacts or stay insulated from the crisis.

Key Terms

Cross-Border Supply Chain

The full process that delivers goods and raw materials from one country to another until they reach the final consumer.

Trade Routes

The major ocean, land, or air paths that ships and planes use to move goods between countries.

Economic Resilience

The ability of a country or market to survive and recover quickly from major disruptions or emergencies.

Upstream Disruption

Any event that slows down or stops the movement of materials and products from factories to stores,

Background Information

Global supply chains have now become a growing threat to economic stability. The COVID-19 pandemic showed just how fast factory closures, labour shortfalls, and restrictions on transport could disrupt the production and distribution of essential items. Moreover, geopolitical conflicts, trade tensions, natural disasters, and problems with major sea routes have added further pressure on global trade. These disruptions can lead to higher transportation costs, cause shortages of vital resources, and result in rising prices and inflation.

Due to the heavy dependence of developing countries on imports such as food, energy, raw materials and manufactured products, they have a weak position when it comes to global issues. With few options to tap into when problems arise, many developing nations struggle to react quickly to disruptions. But even developed nations are prone to rather serious shortcomings due to the reliance on only a limited number of suppliers.

Regardless of the various strategies used to enhance worldwide economic resilience, it is clear that there is a need for international collaboration in this area. Governments must make an attempt to make improvements in infrastructure of trade, diversify routes for trade, develop reserve systems and improve supply chain systems.

Major Countries and/or Organizations Involved

United Nations Conference on Trade and Development (UNCTAD)

This organization plays a major role in helping countries strengthen trade, transport, and supply-chain resilience.

World Trade Organization (WTO)

This organization has not only promoted rules-based international trading systems but has made important initiatives such as the Trade Facilitation Agreement.

The People's Republic of China

China is one of the world's most important manufacturing and shipping economies in the world. Any disruptions to Chinese productions or shipments can severely affect global industries.

International Maritime Organization (IMO)

Considering maritime transport is one of the most important types of transport to international trade, this organization maintains international standards for safe and efficient shipping between international borders.

Timeline of Events

<i>Date</i>	<i>Description</i>
<i>2018-2020</i>	<i>The United States of America and China proposed tariffs and restrictions which disrupted manufacturing for businesses who are dependent on international suppliers.</i>
<i>2020</i>	<i>The COVID-19 Pandemic caused world wide border closures, factory closures, labor shortages and transportation disruption which caused world wide shortages and delays on the global supply chain.</i>
<i>2021</i>	<i>The Suez Canal Blockage was blocked by the "Ever Given" for several days which delayed and disrupted hundred of shipments which demonstrated the vulnerability of major shipping lanes during disruption,</i>
<i>2022</i>	<i>The Russian-Ukraine war created disruption of energy, grain and fertilizer with increased global prices and created new trade routes on short notice and created many shortages around the world.</i>

2023-2024 *Attacks on commercial shipping in the Red Sea which caused vessels to avoid the Suez Canal to take longer routes, increasing shipping time and costs.*

Relevant UN Treaties and Events

- **WTO Trade Facilitation Agreement (2017)** : *This agreement was made with the target of simplifying customs procedures in order to make the movement of goods across borders more faster and predictable as it supports more efficient international trades therefore reducing delays during supply chain disruption.*
- **United Nations Convention on the Carriage of Goods by Sea (1978)** : *This law has made international laws in regards to the carriage of goods by sea and helps create consistency in international shipping.*
- **Paris Agreement (2015)** : *A legally binding agreement which aims to strengthen international response to climate change as it focuses on climate resilience and improving countries ability to adapt to natural impacts as extreme weather events can damage infrastructure and disrupt global supply chains.*
- **UNCTAD Global Supply Chain Forum (2024)** : *This Forum brought multiple international organizations and government bodies together to discuss supply chain resilience noting digitalization and coordination as tools to respond to disruption caused by regional tension and pandemics.*
- **UNCTAD Transport and Trade Facilitation Meeting (2026)** : *This meeting was called to highlight the rise in supply chain disruption due to the overwhelming amount of geopolitical, climate, and transportation challenges.*
- **UN General Assembly Resolution on International Trade and Development (2021)** : *A resolution agreed between member states focusing on the importance of promoting open, transparent trading systems while offering support for developing countries to integrate into the global economy to recover from the COVID-19 Pandemic.*

Previous Attempts to solve the issue

The issue of Global supply chain disruption has been ongoing for decades and in the past years many attempts have been brought up to improve international trade procedures and international coordination. In 2017, The WTO (World Trade Organization) Facilitation Agreement was created to simplify customs by making the movement of goods faster and more predictable to reduce delays at international borders. The Agreement has provided countries with a framework for maintaining trade during periods of disruption. However, implementation of this agreement has remained inconsistent, especially in developing countries with limited financial and technical resources.

From 2020 towards 2022, Responses to the COVID-19 Pandemic were made to combat the difficulties imposed by the closures of borders and manufacturers. While in 2022, The UNCTAD Maritime Supply Chain Resilience Initiative was taken to introduce tools to monitor and manage disruptions affecting maritime trade. Both resolutions were measures taken to maintain global trade however, both were revealed to have weaknesses in supply chains.

In summary, all solutions were introduced in order to maintain the global supply chain while focusing on improving trade procedures, increasing international coordination and integrating technology to make supply chains more consistent. However, All of these initiatives have limited effectiveness and depend on countries' financial and technological resources which most developing nations certainly do not have.

Possible Solutions

Solutions have been suggested by many organizations such as UNCTAD such as to diversify supply chains. This specific solution has gained interest by suggesting countries and businesses reduce independence on one supplier. This type of solution could reduce the economic impact when a region experiences conflict, natural disasters or other disruptions.

Another solution suggested is to support developing nations as these countries lack limited financial resources and technology in order to participate in global supply chains. International and development banks such as the World Bank can support these countries to strengthen transport networks and technology. Member states should focus on solutions involving the improvement of communication and coordination between countries to avoid unneeded disruption during times of international trades beyond borders,

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