



BITSMUN '23

PONDER. PERSUADE. PROCLAIM

**BACKGROUND
GUIDE**



BITSMUN '23



WTO

**WORLD TRADE
ORGANISATION**

LETTER FROM THE EXECUTIVE BOARD

Greetings Delegates!

It is an honour to be serving as a part of the Executive Board of the World Trade Organization at BITS MUN Hyderabad 2023. We hope to be a part of an enriching academic simulation and engage in a constructive discussion which includes the features of diplomacy, fact-based arguments, and most importantly confidence.

The background guide shall only be an instrument of assistance to the delegates instead of being the sole basis for your research. The objective of this document is to help and guide you with your research and should not be the only research you possess.

The Executive Board upholds a strict no-plagiarism policy, and we would like you to keep that in mind as well. Under no circumstances can the guide be provided as proof to enforce an argument in committee.

The given list of topics is not exhaustive, and it is not intended to be. The list is simply indicative of pressing issues and topics of concerns, which must be addressed and will give you a bird's eye view of the gist of the issue. The delegates are at full liberty to bring up any other relevant point for discussion.

We understand that MUN conferences can be an overwhelming experience for first timers, but it must be noted that our aspirations from the delegates is not how experienced or articulate they are. Rather, we want to see how they can respect disparities and differences of opinion, work around these, while extending their own foreign policy so that it includes more of comprehensive solutions without compromising their own stand and initiate consensus building.

We sincerely hope that this simulation will help you gain experience to become better professionals and persons in future. If on the last day of the conference you leave the conference feeling like you have changed simply because you learned or experienced something meaningful, our goal was reached. Please feel free to reach out to either of us in case of any specific questions or concerns, we will be glad to help you.

Remember, it does not do to dwell on our dreams, and forget to live.

Regards,

Eshan Bajaj,
Chairperson,
eshan.bajaj2020@vitstudent.ac.in
+91-9220500123

Nirih Kamplimath
Vice Chairperson

Siddharth Ramesh,
Rapporteur

SECTION A

BASIC SUGGESTIONS BEFORE YOU START RESEARCHING

A few aspects that delegates should keep in mind while preparing:

- **Procedure:** The purpose of putting in procedural rules in any committee is to ensure a more organized and efficient debate. The committee will follow the UNA-USA Rules of Procedure, although the Executive Board shall be fairly strict with the Rules of Procedure, the discussion of agenda will be the main priority. So, delegates are advised not to restrict their statements due to hesitation regarding procedure.
- **Foreign Policy:** Following the foreign policy of one's country is the most important aspect of a Model UN Conference. This is what essentially differentiates a Model UN from other debating formats. To violate one's foreign policy without adequate reason is one of the worst mistakes a delegate can make.
- **Role of the Executive Board:** The Executive Board is appointed to facilitate debate. The committee shall decide the direction and flow of debate. The delegates are the ones who constitute the committee and hence must be uninhibited while presenting their opinions/stance on any issue. However, the Executive Board may put forward questions and/or ask for clarifications at all points of time to further debate and test participants. A challenging, yet highly rewarding committee, involvement in this simulation offers an insight into the dynamics of international relations and politics. Lots of work will be required but as previous participants in similar simulations ourselves, we promise you an exciting experience.

NATURE OF SOURCES/EVIDENCE

This Background Guide is meant solely for research purposes and must not be cited as evidence to substantiate statements made during the conference. Evidence or proof for substantiating statements made during formal debate is acceptable from the following sources:

- **United Nations:** Documents and findings by the United Nations or any related UN body is held as a credible proof to support a claim or argument.
- **Multilateral Organizations:** Documents from international organizations like NATO, NAFTA, SAARC, BRICS, EU, ASEAN, OPEC, the International Criminal Court, etc. may also be presented as credible source of information.
- **Government Reports:** These reports can be used in a similar way as the State Operated News Agencies reports and can, in all circumstances, be denied by another country. However, a nuance is that a report that is being denied by a certain country can still be accepted by the Executive Board as a credible piece of information.
- **News Sources:**
 1. Reuters: Any Reuters article that clearly makes mention of the fact or is in contradiction of the fact being stated by a delegate in council.
 2. State operated News Agencies: These reports can be used in the support of or against the State that owns the News Agency. These reports, if credible or substantial enough, can be used in support of or against any country as such but in that situation, may be denied by any other country in the council. Some examples are – RIA Novosti⁸ (Russian Federation), Xinhua News Agency¹¹ (People's Republic of China), etc.

Note: Under no circumstances will sources like Wikipedia, or newspapers like the Guardian, Times of India etc. be accepted. However, notwithstanding the aforementioned criteria for acceptance of sources and evidence, delegates are still free to quote/cite from any source as they deem fit as a part of their statements.

SECTION B

INTRODUCTION TO THE COMMITTEE

The World Trade Organization (WTO) stands as the largest intergovernmental organization dedicated to overseeing and facilitating global trade among nations. Its establishment in 1995 marked the culmination of eight years of trade negotiations known as the Uruguay Round, which were conducted among the signatories of the General Agreement on Tariffs and Trade (GATT). The creation of the WTO was a response to the need for an institution capable of regulating trade in an increasingly interconnected global economy.

Originating within the framework of the Bretton Woods System in 1947, GATT was an international agreement with the primary objective of reducing and eventually eliminating trade barriers, such as tariffs and quotas. While GATT laid down fundamental rules for international trade, it lacked an enforcement mechanism and a system for resolving trade disputes between countries. Additionally, GATT's scope did not extend to trade in services and intellectual property, which were becoming increasingly significant components of global trade throughout the 20th century.

To address these concerns, the signatories of GATT launched the Uruguay Round of trade negotiations in 1986. After eight years of negotiations, this endeavor culminated in the formation of the WTO. The WTO absorbed and expanded upon the principles of GATT and introduced new dimensions to the multilateral trade system.

The activities of the WTO can be categorized into five main areas: trade negotiations, implementation and monitoring, dispute settlement, capacity building for trade, and outreach efforts. Within trade negotiations, member governments of the WTO have negotiated agreements aimed at liberalizing trade in goods, services, and intellectual property.

Ensuring compliance with these agreements falls under the purview of WTO councils responsible for monitoring their implementation. When disputes arise and one country accuses another of violating these agreements, independent experts appointed by the WTO arbitrate the dispute by issuing binding judgments.

To enhance trade capabilities in developing countries, the WTO incorporates special provisions within trade agreements, offers educational programs for government officials, and encourages third-party investment in these nations. Additionally, the WTO actively engages in outreach activities involving non-governmental organizations (NGOs), politicians, international organizations, and public relations initiatives.

SECTION C

WTO

Agenda:

Analysing the effects of the US-China
Economic Tensions on global trade
Committee: WTO

History of US-China Relations:

The foundation for modern trade relations between the US and China was laid after the establishment of the People's Republic of China in 1949, following the Chinese Civil War. The US formally recognized the PRC under Chairman Mao Zedong in 1949, but diplomatic relations were not established until 1979, under President Jimmy Carter.

The 1970s marked the beginning of a thaw in US-China relations, driven in part by geopolitical considerations during the Cold War. The visit of President Richard Nixon to China in 1972 and the Shanghai Communique were pivotal in laying the groundwork for normalized relations. This period saw the relaxation of trade restrictions and the initiation of trade between the two countries.

China's accession to the World Trade Organization (WTO) in 2001 was a landmark event in the history of US-China trade relations. It marked a significant step toward China's deeper integration into the global trading system. With this accession, China committed to a series of economic reforms, including reducing tariffs and non-tariff barriers, opening its markets to foreign investment, and adhering to international trade rules. The accession had profound implications for global trade, as China transformed into the "world's factory."

The early 21st century witnessed a surge in US imports from China, providing consumers with affordable Chinese goods. While this benefited consumers, it led to a growing US trade deficit, raising concerns about its impact on domestic industries and jobs, partly due to China's rapid export growth in electronics, textiles, and consumer goods. Additionally, the US-China trade relationship was marked by concerns over intellectual property theft, counterfeiting, and forced technology transfer, posing challenges for American companies in safeguarding patents and copyrights and becoming central issues in bilateral trade tensions.

Trade tensions escalated in the 2010s, with the US taking measures to address what it viewed as unfair trade practices by China. In 2018, the United States initiated a series of tariffs on a wide range of Chinese imports, citing issues such as intellectual property theft, technology transfer, and market access. In response, China imposed retaliatory tariffs on US goods, leading to a tit-for-tat trade war that disrupted global supply chains and had far-reaching economic consequences.

In January 2020, a "Phase One" trade deal was reached between the United States and China. This deal aimed to address some trade issues and reduce tariffs on a limited set of goods. However, it did not provide a comprehensive resolution to the broader economic tensions between the two nations. The economic tensions persisted, and China's commitment to meeting the terms of the agreement remained a subject of ongoing scrutiny.

Being two of the largest economic powers in the international community, the relationship has shaped the global economy, with both nations experiencing significant economic growth. Trade imbalances, domestic manufacturing concerns, intellectual property issues, and geopolitical circumstances have led to escalating trade tensions. The ongoing trade relationship between the United States and China remains one of the most critical and complex aspects of the global economy, with wide-ranging implications for industries, consumers, and global trade dynamics.

China's Economic Boom:

Before Deng Xiaoping's reforms in the late 1970s, China was a predominantly agrarian and centrally planned economy under Mao Zedong's leadership. The Great Leap Forward and the Cultural Revolution, two major policy campaigns, had profound effects on the country's economic and social fabric. Industrialization was limited, and China was largely isolated from the global economy. Agriculture was collectivized, State-owned enterprises dominated economic activity and the country's GDP per capita was one of the lowest in the world, and poverty was widespread.

China's economic revolution was spearheaded by then Head of State Deng Xiaoping's "Reform and Opening-Up" policy marked the starting point of China's economic transformation. This policy involved a shift from a centrally planned economy to a more market-oriented one. It included measures like de-collectivization of agriculture, allowing farmers to keep a portion of their agricultural produce, and the establishment of Special Economic Zones (SEZs) to attract foreign investment.

Attracting foreign investment played a pivotal role in China's economic strategy. The provision of compelling incentives to multinational corporations were designed to entice them to establish a presence within China's borders. These incentives included not only tax breaks but also a reduction in regulatory hurdles, ensuring a favourable and welcoming environment for foreign investors. This established China as a pivotal player in the global economic landscape, with a robust network of foreign corporate partners fostering economic prosperity and innovation.

The series of events which took place in the late 20th Century led China to be one of the most dominant economic powerhouses in the global economy.

Accession of China to the WTO:

China's accession to the World Trade Organisation in 2001 symbolized its commitment to global economic integration. It officially marked the end of the nation's self-imposed economic isolation, which had characterized its policies for decades. As China transitioned from a planned to a market-driven economy, WTO membership provided the necessary framework to align its economic practices with international norms and standards.

The 1997 Asian financial crisis, often referred to as the "Asian Contagion," had a significant impact on China. The crisis was triggered by a series of currency and financial market collapses in several Asian countries including Thailand, South Korea, Indonesia and China. China's economy was affected as regional trade partners suffered economic downturns. A decline in demand for Chinese exports and a slowdown in foreign direct investment in the region had negative economic consequences.

In response to the crisis, China began to accumulate significant foreign exchange reserves as a safeguard against external shocks. These reserves have since grown to be the largest in the world. In addition to this, in order to remain competitive and protect its export markets, China devalued its currency, the yuan. This devaluation had implications for China's trading partners and contributed to regional currency instability.

The crisis prompted the Chinese government to undertake financial and economic reforms. It sought to improve its financial sector regulations, open up its markets to foreign investors, and take measures to stabilize its currency leading to China's accession to the WTO in 2001

Accession to the WTO made China a more appealing destination for foreign direct investment (FDI). The assurance of a stable and rules-based trading environment alongside the reduction of tariffs previously placed on China made its market much more accessible and encouraged multinational corporations to establish and expand their operations in China. This influx of FDI brought capital, technology, and managerial expertise, contributing significantly to China's industrial development and modernization.

The History of the Dollar:

Soon after World War II, the Bretton Woods Conference in 1944 established a system of fixed exchange rates, with the U.S. dollar as the world's primary reserve currency. The dollar was pegged to gold, and other currencies were pegged to the dollar. This system facilitated international trade and financial stability. This allowed the U.S. dollar to play a crucial role in international trade. The dollar's convertibility into gold at a fixed rate provided confidence to international traders and central banks allowing the United States to accumulate large gold reserves, solidifying the dollar's status as the world's primary reserve currency.

In 1971, President Richard Nixon announced a series of economic measures, collectively known as the "Nixon Shocks." This included the suspension of the dollar's convertibility into gold effectively ending the Bretton Woods system, leading to a period of floating exchange rates. The dollar's role as the world's primary reserve currency remained, but its link to gold was severed leaving more countries dependent on the economy of the United States.

Over the decades, the United States pursued trade liberalization policies, entering into various trade agreements and organizations. One key milestone of the United States' liberalization policies was the establishment of the General Agreement on Tariffs and Trade (GATT), which eventually led to the World Trade Organization (WTO). In recent years, U.S. trade relations have undergone significant changes.

Trade tensions with China have escalated, leading to a series of tariffs and trade negotiations. The Trump administration pursued an "America First" trade policy in stark contrast to China's general economic strategy of opening up its markets to Foreign Investment. This decision emphasized protectionism and renegotiating of trade agreements.

The Shanghai Communique:

The Shanghai Communique is a historic diplomatic document that marked a significant turning point in U.S.-China relations. It was issued on February 28, 1972, during President Richard Nixon's visit to the People's Republic of China, which was then under the leadership of Chairman Mao Zedong. This communique laid the foundation for international relations between the two countries and had profound implications for the international political landscape.

The communique expressed both countries' desire to normalize relations. The document acknowledged that normalization would be in the interest of both countries allowing for easier access to trade as well as reduced tariffs between the countries. It laid the foundation for the United States' recognition of the People's Republic of China to be the legitimate government of mainland China.

It also acknowledged the "One China" policy, affirming that there is only one China and that Taiwan is part of China. This marked a significant departure from the United States' previous position, which recognized Taiwan as the legitimate government of all of China. This however did not change the United States' views on the matter. While both sides acknowledged their differences on the Taiwan issue, they agreed to handle these differences through peaceful means and not to use force or threats of force maintaining peace in the Taiwan Strait and the broader East Asian region.

The Modern Age:

U.S.-China trade relations in the modern age have been marked by a complex blend of cooperation, competition, and tension. The two nations are the world's largest economies, and their trade interactions have far-reaching global implications.

Cooperation has been evident in the vast volume of trade between the two countries. China is a significant market for U.S. exports, while American consumers benefit from a wide range of affordable Chinese goods. However, the trade balance, with the U.S. importing more than it exports, has been a consistent source of tension, leading to concerns about job loss and domestic industry impacts in the United States.

Intellectual property theft, technology transfer, and state subsidies have been key points of contention. The U.S. has accused China of unfair trade practices and launched investigations and tariffs on Chinese imports. These actions triggered retaliatory measures from China.

The modern age of U.S.-China trade relations has also seen geopolitical and security concerns intertwined with economic issues. The South China Sea disputes, Taiwan, and human rights concerns have added complexity to the relationship.

The COVID-19 pandemic further strained relations, with the U.S. questioning China's transparency and handling of the crisis. In this multifaceted landscape, managing the economic, political, and security dimensions of U.S.-China trade relations remains a significant global challenge, with both countries seeking to protect their national interests and shape the rules of the global economy.

China's Financial Aid into Africa:

China has rapidly increased its financial commitments to Africa, often providing loans and investments to fund infrastructure projects. These projects encompass a wide range of sectors, including transportation, energy, telecommunications, and manufacturing.

Notable examples include the construction of railways, highways, and ports, as well as investments in oil and gas exploration and mining. The loans often come with relatively low-interest rates, extended repayment terms, and flexible conditions, which can be more appealing than traditional loans.

China's financial commitments in Africa span diverse sectors and nations. Notable investments include Kenya's Mombasa-Nairobi Standard Gauge Railway, Ethiopia's Addis Ababa-Djibouti Railway, and Angola's Luanda International Airport and Lauca Dam. In Zambia, Chinese investment focuses on copper mining, while Nigeria benefited from improved transportation, such as the Abuja-Kaduna Railway.

South Africa's renewable energy sector received attention, exemplified by the Kathu Solar Park. Sudan's oil industry has been bolstered by Chinese support. The Democratic Republic of Congo (DRC) attracted Chinese investments in cobalt and copper mining. Zimbabwe and Ghana witnessed infrastructure developments, including the Jamestown Fishing Harbor and the Kotoka International Airport expansion.

Critics to China's policies argue that these economic interests can sometimes overshadow the development objectives of African nations claiming their investments and loans in Africa are closely tied to its economic interests and that China seeks only to secure access to Africa's natural resources, such as oil, minerals, and agricultural products, to fuel its growing economy. Trade between Africa and China however has expanded significantly, making Africa an important trading partner for China.

Taiwan's Role:

The issue of Taiwan has been a longstanding point of tension in U.S.-China relations, and it has gained increasing prominence in the context of the trade war between the two countries. Taiwan's semiconductor industry, in particular, has been a focal point of this tension due to its critical role in global technology supply chains, its contribution to the military capabilities of both the United States and China, and the ongoing political dispute over Taiwan's status.

Taiwan is a global semiconductor manufacturing leader, home to companies like TSMC and UMC. These firms are vital in producing advanced chips used in a wide array of electronic devices. Taiwan's semiconductor industry is renowned for its cutting-edge technology. Semiconductors are essential for military applications, including communication, radar, and advanced weaponry, relied upon by the United States and China. Taiwan's advanced semiconductor technology is crucial for supplying military components to both nations.

The United States especially has concerns about its dependency on Taiwan's semiconductor industry for the procurement of advanced microchips. Disruptions in the supply chain, whether due to natural disasters, trade tensions, or political factors, could have severe implications for the U.S. military's readiness and technological advantage. The Trump administration, during the U.S.-China trade war, sought to reduce this dependency by encouraging domestic semiconductor production and limiting exports of certain technologies to China, aiming to protect U.S. technological leadership and national security interests.

On the other hand, China has ambitions to build a self-reliant semiconductor industry. China's "Made in China 2025" initiative, aimed at achieving self-sufficiency in advanced technology sectors, includes the semiconductor industry. The Chinese government has invested heavily in research and development, semiconductor fabrication plants, and talent acquisition. Taiwan's semiconductor companies have been targeted for acquisition or collaboration by Chinese entities, leading to concerns about technology transfer.

Taiwan's status is a central issue in this complex dynamic. While Taiwan operates as a de facto independent state with its own government, military, and constitution, the People's Republic of China views it as a part of its territory and has not ruled out the use of force to bring it under its control. The U.S. has maintained unofficial but robust relations with Taiwan, providing it with defence capabilities and supporting its participation in international organizations. This causes mutual fear in both countries about a potential danger within a common trade partner

The Belt and Road Initiative:

The Belt and Road Initiative (BRI), initiated by China in 2013, is a colossal and multifaceted global infrastructure and economic collaboration endeavor. It aims to establish robust connections between China and diverse regions, spanning Asia, Europe, and Africa, through an extensive network of railways, highways, ports, and various infrastructure projects. The BRI's aspiration is to facilitate economic growth, promote international trade, and enhance connectivity among participating countries, transcending geographical boundaries.

One of the major contenders to the Belt and Road Initiative has been the United States, which has expressed concerns about certain aspects of BRI's execution. The U.S. has accused China of practicing "debt-trap diplomacy." This concept suggests that participating countries could potentially become heavily indebted to China due to BRI-related loans, leading to concerns over their ability to repay and, in some cases, cede control over strategic assets. For instance, the case of Sri Lanka's Hambantota Port is often cited as an example.

The Sri Lankan government faced difficulties in repaying loans tied to the port's construction, ultimately leasing it to a Chinese company, raising sovereignty and debt sustainability concerns.

Overall, the decision lies in the hands of the countries involved on the benefits of accepting trade agreements with China versus the potential risk of being under represented in the trade deals.

Effects of the COVID-19 Pandemic:

The COVID-19 pandemic revealed vulnerabilities in global supply chains, particularly those closely tied to China. Disruptions in Chinese manufacturing and logistics had a ripple effect on U.S. businesses that relied on Chinese suppliers. This highlighted the risks of overly concentrated supply chains, sparking discussions about diversification and bringing production back to domestic shores.

Financial markets were roiled by the pandemic. Both the U.S. Federal Reserve and the People's Bank of China intervened to stabilize them. However, questions arose about the financial health of Chinese firms, including state-owned enterprises, and the transparency of their financial reporting.

Geopolitical tensions between the U.S. and China were exacerbated during the pandemic. Accusations of a lack of transparency and responsibility for the global spread of the virus amplified disputes over trade, technology, human rights, and territorial claims in the South China Sea. This resulted in tit-for-tat measures, including sanctions, travel restrictions, and the closure of consulates.

The race to develop and distribute COVID-19 vaccines became a focal point. China, through companies like Sinopharm and Sinovac, developed vaccines and engaged in vaccine diplomacy by supplying doses to countries globally. The U.S. also advanced vaccine development through initiatives like Operation Warp Speed. The pandemic underscored the importance of technology and digital infrastructure. Both the U.S. and China accelerated efforts in areas like 5G, artificial intelligence, and biotechnology, with potential long-term implications for competition in these sectors. The U.S. moved to restrict Chinese tech companies' access to American technologies, citing national security concerns.

In summary, the economic impact of the COVID-19 pandemic on U.S.-China relations was multifaceted. It exposed vulnerabilities in supply chains, accelerated technological competition, and heightened geopolitical tensions. The pandemic highlighted the intricacies of a deeply intertwined economic relationship within a broader geopolitical rivalry, which continues to shape the post-pandemic global economic landscape.

The Phase One Deal:

The "Phase One" trade deal, officially known as the "Economic and Trade Agreement Between the United States of America and the People's Republic of China," was a significant development in the ongoing trade tensions between the two economic giants. This agreement, signed on January 15, 2020, marked a notable attempt to de-escalate trade disputes and provide a framework for addressing long-standing issues in the U.S.-China trade relationship.

One of the primary aspects of the Phase One trade deal was the commitment by China to significantly increase its purchases of U.S. agricultural products over a two-year period. Specific targets were set for various agricultural product categories, with the intention of benefiting American farmers and helping to reduce the trade deficit between the two countries.

Another critical component addressed in the deal was intellectual property protection, technology transfer, and enforcement. These issues had been longstanding concerns for American companies operating in China. The agreement aimed to provide stronger safeguards for these companies, particularly those in sectors where technology and intellectual property were central to their business operations.

Additionally, the Phase One agreement tackled the contentious issue of currency manipulation. Both countries agreed not to engage in competitive devaluations of their currencies which they had been doing prior to the deal in order to incentivise usage of each currency, contributing to more stable exchange rates and a level playing field in international trade.

China also committed to opening up its financial services sector to U.S. firms, including banking, insurance, and securities. The agreement sought to provide U.S. businesses with better access to the Chinese market, particularly in sectors such as pharmaceuticals, biotechnology, and agricultural products.

To address and resolve trade-related disputes, the Phase One deal established a dispute resolution mechanism. This mechanism was crucial in providing a structured process for handling disagreements that might arise during the course of the agreement's implementation.

The United States also committed to reducing tariffs on certain Chinese imports and cancelled additional tariffs that had been scheduled for implementation. This tariff reduction was designed to provide relief to both American consumers and businesses and to promote a more stable trade environment.

While the Phase One trade deal addressed some key trade issues, it did not fully resolve all of the deep-seated economic and trade disputes between the United States and China. Many structural issues, particularly related to state subsidies, industrial policy, and technology transfer, were not fully addressed in this initial agreement. Trade tensions have continued to shape the relationship in subsequent negotiations and developments. The trade relationship between the United States and China remains complex and evolving, with a considerable impact on the global economy. The Phase One trade deal served as a testament to the intricacies and challenges of managing trade relations between two of the world's largest economies.

QARMA

- How can the WTO facilitate dialogue and negotiation between the United States and China to resolve trade disputes and promote global trade stability?
- What measures should the WTO take to ensure that its dispute settlement mechanism effectively addresses trade disputes arising from the US-China economic tensions?
- In what ways can the WTO promote transparency in trade policies and practices of member states, particularly the United States and China, to minimize uncertainty in global trade?
- What are the steps to be taken in re-navigating international trade in a post-pandemic world?
- What are the implications of the "One China" policy on Taiwan's participation in international organizations, including the United Nations, and its role in international trade?
- How can the WTO adapt its existing trade rules to address modern trade issues influenced by US-China tensions, such as technology transfer, intellectual property, and subsidies?
- What strategies can the WTO employ to safeguard the interests of developing nations in light of the US-China economic tensions?
- How can the WTO address the impact of Chinese financial aid in Africa on global energy markets, trade policies, and regional economic development?
- What can the committee do to regulate the global economy in reference to ongoing conflict zones?