Committee: World Trade Organization

Issue: Devising solutions to stabilize the trade chain within war zones

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Introduction

The World Trade Organization (WTO) is the primary international body responsible for regulating and facilitating global trade among nations. Its main goal is to ensure that trade flows smoothly, predictably, and freely. With a membership-based structure and decisions made through consensus, the WTO provides a forum for negotiating trade agreements, resolving disputes, and monitoring trade policies to ensure member states' adherence to agreed rules. The WTO's most significant feature is its Dispute Settlement Body (DSB), which helps mediate and resolve conflicts between states. Over the decades, the WTO has played a vital role in trade liberalization, promoting economic integration and stability. However, due to unanimous conflicts between several states and nations, such economic integration and efforts for promoting free trade have been disrupted. The disruption of trade chains within and beyond war zones poses a serious threat not only to local economies but to global trade stability. War zones often experience the collapse of infrastructure, governance, and market access. This mainly leads to the problem that the international society is concerned about; severe humanitarian crises and economic stagnation. At the same time, neighboring and interconnected nations face similar but different consequences; interrupted supply chains, rising costs, and compromised access to critical resources. The WTO now finds its urgent need to stabilize such trade principalities. This includes safeguarding humanitarian aid routes, protecting key trade infrastructure, enforcing equitable trade policies, and encouraging partnerships that uphold WTO principles despite instability.

Definition of Key Terms

GATT(General Agreement on Tariffs and Trade): The global organization that minimized barriers to international trade by reducing quotas and tariffs, currently superseded by WTO

OPEC(Organization of the Petroleum Exporting Countries): Is a group of oil-producing nations that coordinate their oil production policies to help stabilize global oil markets and influence oil prices.

WTO (World Trade Organization): The global organisation that regulates international trade, sets trade rules, and provides a platform for dispute resolution between member states.

- Dispute Settlement Body (DSB): WTO's mechanism for resolving trade disputes between member countries.

- Most-Favoured-Nation (MFN): A WTO principle requiring that any trade advantage granted to one member must be extended to all others.
- Consensus-Based Decision: WTO decisions require unanimous agreement from all member states.

War-Zone / Conflict Zone: A region where active armed conflict is occurring or has occurred recently, affecting infrastructure, governance, and public safety. Trade in and out of such zones is often restricted, dangerous, or illegal.

Humanitarian Corridors: Routes or systems established to deliver humanitarian aid (food, medicine, supplies) safely into conflict areas, often agreed upon by warring parties or international bodies.

Sanctions: Economic or trade restrictions imposed by countries or international organizations, often in response to violations of international law. Sanctions can impact trade fairness and accessibility, especially in conflict areas.

Trade Resilience: The ability of a trade system to recover quickly from disruptions, adapt to new conditions, and continue operations during crises, including armed conflict.

Non-State Actors: Individuals or groups (e.g., militias, rebel groups, humanitarian NGOs) that play a role in conflict or aid delivery but are not official governments. They can influence or disrupt trade operations in war-zones.

Post-Conflict Reconstruction: The process of rebuilding a country’s economy, infrastructure, institutions, and social fabric after the end of a conflict, which often includes revitalizing trade routes and agreements.

History

War and conflicts that impact trade

Wars today don't stay local; they ripple through the global economy in ways that hit everyone's wallet. The Iran-Iraq War in the 1980s sent oil prices soaring worldwide because both countries were major exporters fighting right next to crucial shipping lanes. The current Russia-Ukraine conflict has been even worse, cutting off grain and fertilizer supplies that countries across Africa, the Middle East, and Europe desperately need. Even the Israel-Palestine conflict, though smaller in scale, regularly spooks investors and disrupts trade across the Middle East.

These wars force countries to scramble for new suppliers, reroute shipments, and pour money into defense spending they'd rather use elsewhere. The result? Global economic relationships get reshuffled, sometimes permanently.

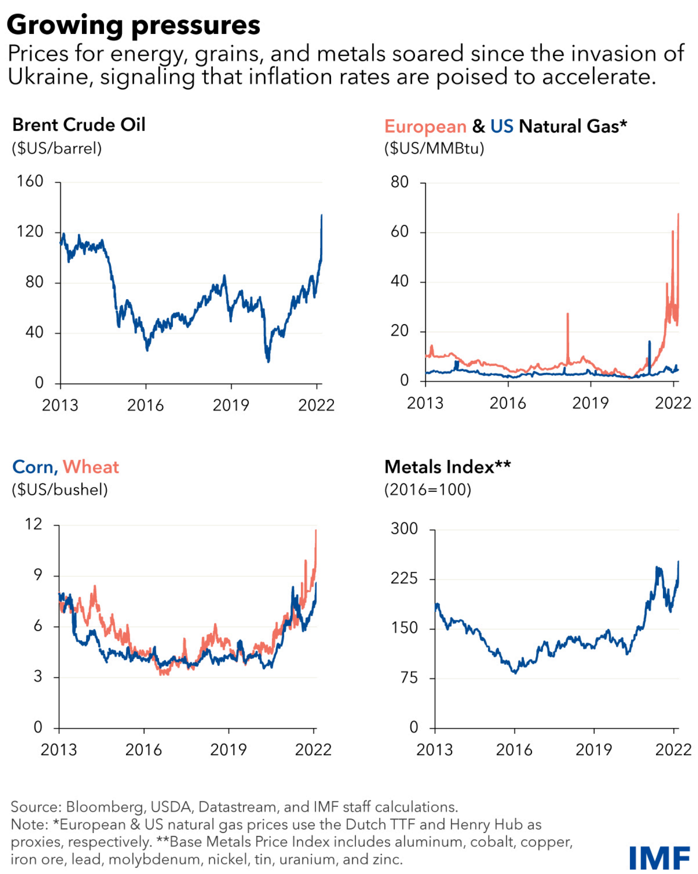
Aftermath of war on trade

When trade gets disrupted, the international community usually tries to patch things together with diplomatic deals and emergency measures. After Russia's invasion cut off Ukrainian grain exports, the UN and Turkey worked out the Black Sea Grain Initiative in 2022 to create safe shipping corridors. It helped, but only partially and temporarily.

Europe's response to losing Russian gas shows how quickly countries can adapt when they have to. The EU frantically started buying liquefied natural gas from the U.S., Qatar, and Norway while fast-tracking renewable energy projects and building new pipelines. During the Iran-Iraq War, Western navies actually escorted oil tankers through the Persian Gulf to keep energy flowing, and countries dipped into their strategic oil reserves to cushion the blow.

The Israel-Palestine situation is trickier because there's no end in sight. International aid groups like UNRWA and EU donors keep providing humanitarian assistance, while trade with neighboring countries gets managed through controlled checkpoints and constant diplomatic mediation. It's not a solution, but it keeps things from completely falling apart.

Global inflation due to trade disruptions



#1: Global inflation graph during the Ukraine war by International Monetary Fund

Key Issues

Russia-Ukraine war

The Russia-Ukraine war has significantly disrupted global trade by cutting off critical exports and triggering widespread economic consequences. Together, the two countries accounted for nearly 30% of global wheat exports, and the blockade of Ukrainian ports along with sanctions on Russian goods caused grain prices to spike over 40% in 2022, leading to food shortages in countries like Yemen, Lebanon, and Somalia. Russia and Belarus, key suppliers of potash fertilizer, also faced restrictions, reducing crop yields in major agricultural nations such as Brazil and India. These supply shocks fueled global inflation—Europe saw double-digit energy-driven inflation, while countries like Sri Lanka experienced currency collapse and fuel crises. The war further strained the semiconductor and automotive sectors, as Ukraine's neon gas and Russia's palladium exports were disrupted. When Western companies pulled out of Russia, trade didn't just stop, instead it h new paths. Turkey and the UAE became unexpected middlemen, handling goods that used to flow directly between Russia and the West. This scramble for new routes has countries everywhere asking tough questions about their supply chains and energy sources. It's a stark reminder that a war in one region can shake up the entire global economy.

Iran-Israel war

Now, with Israel and Iran on the brink of what could become a full-scale war, we're seeing the same pattern play out again. Markets are already jittery. Oil jumped nearly 7% to $74.60 per barrel after Israel's latest attack, and everyone's watching nervously.

The Strait of Hormuz is what keeps energy experts awake at night. This narrow waterway handles about a third of all seaborne oil shipments. If fighting disrupts traffic there, oil and gas prices will spike everywhere, dragging up costs for everything from groceries to fertilizer.

Oil-importing countries are particularly vulnerable to the inflationary pressure this creates. Central banks that were just starting to cut interest rates to boost their economies now find themselves in a bind—they can't easily fight energy-driven inflation and support growth at the same time.

Stock markets have been quick to react. Major indexes across the US, UK, Europe, and Middle East have dropped, while defense contractors like BAE Systems, Lockheed Martin, and Northrop Grumman have seen their shares climb. Investors are also piling into gold, looking for something safe.

Airlines are scrambling too. With Iran, Iraq, Jordan, and Lebanon closing their airspace, carriers like Emirates, Etihad, and Qatar Airways have had to suspend flights and reroute others. The ripple effects are hitting major flight paths between Europe, the Gulf, and Asia.

Iran-Iraq war

The Iran-Iraq War that started in 1980 offers a preview of what might come. Back then, oil prices shot up as soon as fighting began between two major oil producers. The Persian Gulf, already crucial for global energy supplies, became a battleground during the "Tanker War" phase when both sides started attacking commercial ships.

Shipping insurance costs soared, and many oil tankers had to take longer, more expensive routes or delay their trips altogether. The global oil trade was in chaos.

But countries adapted. Western nations, already stung by the 1973 oil crisis, doubled down on reducing their dependence on Gulf oil. They invested in alternative energy, pushed for better energy efficiency, and ramped up domestic production. By the mid-1980s, the West had more oil options and started buying on the spot market from new suppliers like Mexico, reducing OPEC's grip on prices.

The war hurt more than just oil trade. Both Iran and Iraq relied heavily on imports for basics like food, medicine, and industrial equipment. Port closures, damaged infrastructure, and blockades made it nearly impossible to get these essentials through. Iran, already facing Western trade restrictions, struggled to import everything from farming equipment to fertilizer, forcing the country to try producing more at home.

Both countries had to put their development plans on hold. Infrastructure projects in Iraq were shelved, and modernization efforts stalled. The healthcare systems in both nations suffered as medical supplies and equipment became harder to get, leading to more civilian deaths and disease outbreaks in areas near the fighting.

The pattern is clear: when conflicts erupt in strategically important regions, the economic shockwaves spread far beyond the immediate war zone, forcing countries and companies to scramble for alternatives and rethink their dependencies.

Other historical wars

World War I (1914-1918): The First Global Supply Chain Crisis

Germany's U-boats targeted merchant ships while Britain blockaded German ports. Countries had to rapidly build domestic industries to replace imports they couldn't get. The U.S. and Japan expanded into markets previously dominated by fighting European powers, permanently shifting global trade patterns.

World War II (1939-1945): Trade as a Weapon

The Battle of the Atlantic was a fight over trade routes. Japan invaded Southeast Asia to control oil and rubber supplies after the U.S. cut off exports. America became the "arsenal of democracy," supplying allies worldwide and fundamentally changing its role in global trade.

The Suez Crisis (1956): When One Canal Shuts Down the World

Two-thirds of Europe's oil passed through the Suez Canal. When Egypt nationalized it and war broke out, oil tankers couldn't get through. Ships had to go around Africa, oil prices spiked, and Europe faced rationing again.

The Korean War (1950-1953): Cold War Economics

The war split global trade along ideological lines. Western nations embargoed China and North Korea while communist countries created their own trading bloc. Meanwhile, Japan became a major supplier to U.S. forces, jump-starting its post-war economic miracle.

The Six-Day War (1967): Closing Suez Again

The 1967 Arab-Israeli War closed the Suez Canal for eight years. The canal normally handles about 12-15% of worldwide trade. Ships got bigger to make the longer African route economical, ports expanded, and oil companies built new pipelines. By 1975, the shipping world had fundamentally changed.

So many more conflicts that impacted trade exist. However it is important to note that both internal and external wars not only harm lives and infrastructure by weapons but also by hindering food supplies and blocking humanitarian aid.

Major Parties Involved and Their Views

Ukraine

The war with Russia has crippled Ukraine's ability to export grain, metals, and fertilizers. Ports are blocked, infrastructure is damaged, and shipping routes have become war zones.

Ukraine is asking the international community for help: guaranteed protection for trade corridors, reconstruction funding, and continued access to global markets. The Black Sea Grain Initiative created safe passages for grain ships, but it faces constant threats.

The country wants the World Trade Organization to protect trade rights during wartime. For Ukraine, this isn't just economics—it's survival. Export revenues help fund their defense and show the world that Ukraine remains a functioning state despite the invasion.

Russia

Facing wide-ranging sanctions, Russia has reoriented its trade toward non-Western partners such as China and India. It opposes Western sanctions and seeks to establish alternative trade alliances. Russia may resist WTO enforcement on war-related trade restrictions but advocates for uninterrupted exports of energy and raw materials.

Iran

Iran, frequently under Western sanctions and historically affected by the Iran-Iraq War, supports non-aligned trade frameworks and criticizes politically motivated trade restrictions. Iran advocates for unhindered access to trade routes like the Strait of Hormuz and seeks regional cooperation in protecting maritime trade from military escalation.

Iraq

Post-conflict Iraq remains vulnerable to economic instability and overdependence on oil exports. After years of war and sanctions, Iraq calls for greater trade capacity-building, debt relief, and investment in infrastructure to stabilize its economy.

Israel

Israel's tech and defense exports are crucial to its economy, so protecting trade routes during conflicts is a top priority. The country works to maintain strong commercial ties with partners like Egypt and the UAE, even when regional tensions spike.

Israel takes a hard line against threats to commercial shipping routes, viewing attacks on trade corridors as security issues that need immediate responses.

United States

The U.S. leads the charge on sanctions and trade restrictions during conflicts, while also working to keep global supply chains running. America backs efforts to protect shipping routes, especially in hotspots like the Middle East and Black Sea, and pushes for emergency channels to get humanitarian goods through. But when national security is on the line, the U.S. won't hesitate to restrict trade selectively.

China

China's economy depends on stable trade routes and energy imports, so it prefers a hands-off approach to conflicts. The country advocates for neutral humanitarian corridors and wants the WTO to handle trade disputes. With massive investments in the Belt and Road Initiative, China pushes hard to keep its trade routes safe, even in unstable regions.

Turkey

Turkey sits at the crossroads between conflict zones and global markets, making it a natural mediator. The country helped broker the Black Sea Grain Deal and consistently pushes for protected trade channels in the Middle East and Eastern Europe. Turkey has to balance its NATO membership with regional relationships, making it a key player in keeping trade flowing.

Gulf States (Saudi Arabia, UAE, Qatar)

These oil-rich nations live and breathe through secure export routes, so any threat to chokepoints like the Strait of Hormuz sends them into high alert. They push for de-escalation whenever conflicts threaten maritime trade and are working to diversify their economies away from oil to reduce their vulnerability.

Germany

As Europe's economic powerhouse, Germany got hit hard when the Russia-Ukraine war disrupted energy supplies. The country now strongly supports stabilizing trade routes, enforcing sanctions, and transitioning to renewable energy to avoid dependence on politically unstable regions.

France

France focuses on protecting maritime security and food supply routes, especially to its former African colonies. The country supports humanitarian trade access, helps with post-conflict rebuilding, and wants the EU to have a bigger say in global trade governance.

UN Security Council (UNSC)

The Security Council is stuck because Russia can veto any resolutions it doesn't like. They've held plenty of meetings to condemn the invasion, but when one of the attackers has permanent veto power, nothing meaningful gets done about protecting trade during the war.

UN World Food Programme (WFP)

The WFP is worried sick about global hunger. Ukraine was a major source of grain for their humanitarian programs, so they're pushing hard to keep those grain exports moving and want food trade kept out of political games.

European Union (EU)

The EU is all-in supporting Ukraine with money, weapons, and trade deals while hitting Russia with sanctions. They're also pushing for international rules to keep food flowing and want a global trading system based on laws, not wars.

Timeline of Relevant Resolutions, Treaties and Events

Date	**Description of event**
October 17, 1973	OPEC Oil Embargo begins
September 22, 1980	Iran-Iraq War begins
January 1, 1995	Establishment of the World Trade Organization (WTO)
February 24, 2022	Russia launches full-scale invasion of Ukraine
April 13–14, 2024	Major escalation in Israel-Iran tensions

Evaluation of Previous Attempts to Resolve the Issue

The international community has tried various ways to protect trade during conflicts over the years, but most efforts have been Band-Aid solutions that don't last.

The Black Sea Grain Initiative from 2022 is a perfect example. When Russia's invasion blocked Ukrainian grain exports, the UN and Turkey managed to broker a deal creating safe shipping corridors. For about a year, it worked. Grains got through, food prices stabilized, and countries in Africa and the Middle East avoided potential famines.

But the whole thing fell apart in July 2023 when Russia pulled out. The problem was obvious: the deal depended entirely on everyone playing nice, with no real way to force compliance. Once Russia decided the agreement no longer served its interests, everything returned back to blocked ports and rising food prices.

It's the same story with most wartime trade agreements. They might provide temporary relief, but without teeth to enforce them, they collapse the moment one side decides to walk away.

The WTO tried to help with their Trade Facilitation Agreement in 2017, which was meant to cut through red tape at borders and make customs faster, especially for countries in crisis. It wasn't designed specifically for wars, but the idea was that smoother procedures would help vulnerable countries get essential goods more quickly.

The agreement has actually helped some countries rebuild their trade after conflicts ended. Such included less paperwork, faster clearance and so on. But when bullets are flying and ports are getting bombed, streamlined customs procedures don't mean much.

The WTO launched the Doha Development Round in 2001 promising to help poor and fragile countries through better trade rules. More than 20 years later, it was basically dead.

The round failed due to persistent disputes between wealthy and developing nations over farm subsidies. Rich countries wouldn't cut their agricultural subsidies, while developing countries refused to open their markets without getting something back. The talks collapsed in 2008 over disagreements about protecting farmers from import surges.

The only real possibility was agreeing to eliminate agricultural export subsidies in 2015 which were hardly groundbreaking. For countries dealing with conflicts, this means there's still no strong international framework to protect their trade when wars break out.

Possible Solutions

Establish Neutral Trade Corridors in Conflict Zones

The international community, under the coordination of the WTO and UN, could designate protected trade corridors—by land, sea, or air—that allow the movement of essential goods such as food, medicine, and fuel. These corridors would be monitored and protected through multilateral agreements or peacekeeping mechanisms, ensuring neutrality and access for all sides.

Create a WTO Emergency Trade Protocol for Conflict Situations

A permanent WTO-led emergency trade mechanism could be developed to fast-track customs, waive certain trade barriers, and enable humanitarian trade during active conflicts. This protocol would include special provisions for war-affected states to maintain minimal export/import functionality.

Implement Digital Trade Platforms for Conflict-Disrupted Regions

Using blockchain and digital trade systems, countries could track and verify trade across borders even when physical infrastructure is damaged. These platforms would increase transparency, reduce smuggling, and help maintain trade records during times of instability.

Strengthen Regional Trade Alliances and Buffer Agreements

Neighboring countries should develop pre-agreed regional pacts to support trade redirection during conflict. These could include temporary tariff reductions, joint storage systems, and shared logistics platforms to cushion the blow when a member's trade is disrupted.

Increase Investment in Resilient Infrastructure

International financial institutions (e.g., World Bank, IMF) could expand funding for conflict-resilient infrastructure such as inland ports, alternate border crossings, and secure digital customs systems. This would allow trade to continue or resume quickly after a conflict.

Legal Protection for Humanitarian and Commercial Shipments

A reinforced international legal framework could criminalize attacks on civilian and commercial trade routes during conflict, ensuring accountability through the International Criminal Court or a WTO dispute mechanism.

Conflict-Resistant Trade Insurance Mechanisms

A multilateral insurance scheme could be created to protect exporters and importers from sudden losses due to war-related disruptions. This would reduce the cost of risk premiums and encourage continued trade engagement.

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