

The American University in Dubai's Model United Nations (7th Edition, 2022)

presents

the

Group 77

Background Guide



Dear delegates,

We are happy to welcome you to the 7th annual AUDMUN conference! First and foremost, allow us to introduce you to the Group of 77 (G77) committee:

The Group of 77 committee was founded by 77 countries on June 15, 1964 in Geneva. The committee now consists of 134 countries working to promote their economic interests. Considered the largest intergovernmental organization of developing nations, it was established with a goal to provide a platform for them to achieve their economic goals and express their concerns. Members of the committee are urged to cooperate with each other to improve their standing in other international platforms and to prepare for general conferences of other UN organs. Despite the increase in the number of member states since its inception, the name 'Group of 77' has been unchanged due to the historical significance it holds.

You will notice that most of the P5+1 nations (United States, United Kingdom, France, Russia, China, and Germany) are not present in this committee as their membership in the G77 would contradict the goals of the organization. Other economically developed countries such as Canada and Spain are not included either. With that in mind, it is important to discuss the selected topics from the viewpoint of developing countries.

In case you are not familiar with rules of procedure, topics, or anything else related to the conference, you are welcome to send us an email to the addresses below:

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We hope you enjoy the conference!

Regards,

G77 chairs

Topic 1: Eliminating the illegitimate debt owed by Global South countries towards the Global North (legacy of colonialism)

Introduction

Countries have been borrowing money from each other for at least centuries, and when world interest rates increased in the 1980s, poorer countries were left even further in debt. Not only has the debt crisis caused unbearable issues in the finances of Global South countries, but it also had a massive impact on North-South relations. The harmony between the two is crucial to the development of Global South nations, and if the relationship between the North-South continues to deteriorate, bigger issues will arise. For example, progress in achieving the 17 'Sustainable Development Goals' set forth during the 2015 UN General Assembly would be halted as countries will be too focused on the debt issue. The elimination of this illegitimate debt that Global South countries owe the Global North can play a huge role in improving their relations and will allow them to collaborate to achieve shared goals.

For context, debt is an instrument that has been weaponized throughout history. Rich parties use debt to exploit the poor, which results in the rich becoming richer and the poor even poorer. When the poor are in debt, they fall into a cycle where they are gaining more debt to pay off their previous debts and to achieve basic living standards. This applies both to individuals and countries as a whole, and it can be argued that debt is a form of neo-colonialism as seen in the case of Lebanon recently. When Lebanon pegged its local currency to the US dollar, there was a large inflow of capital into the country which gave an advantage to local creditors. As a result, private debt greatly increased in Lebanon which aided the growth of sovereign debt (Debt as Colonialism, 2021).

History

Mexico outlined its intention to reschedule payments of approximately \$20 billion worth of debt in August 1982. Months later, 35 other Global South nations announced their intention to replicate Mexico's actions. The World Bank reported that in the years of 1982 and 1983, almost as many developing countries as the past 25 years had to reschedule their debt payments. However, the increase in world interest rates during the 1980s left a big dent in the financial powers of nations worldwide (Wood, 1984). During the 1980s and 1990s, the US imposed Structural Adjustment Programs (SAPs) on countries of the Global South, which mandated macroeconomic policy adjustments obligating recipient nations to liberalize their investment and trade policies.

In principle this would, among many things, open their markets to competition from American companies and further enable free trade. Also, the aid agreements that the US utilized as leverage were conditioned on Global South countries' adherence to the methods of the International Monetary Fund (IMF) and World Bank. Additionally, the SAPs included components that aimed to encourage exports, decrease inflation and budget deficits, and satisfy debt-payment schedules. These components would be achieved through increasing interest rates, decreasing real wages and government spending, and liberalizing foreign investment regulations. The SAPs are imposed broadly upon Global South countries while Global North countries selectively adhere to them based on their neoliberal principles (Welch, C., & Oringer, J. 1998, April). As a result, the South countries faced great difficulties in adhering to the adjustments and lost their foothold.

Analysis

The South's rising foreign debt dilemma has been a focus not just of multilateral policy discussion, but also of an increasingly vociferous international anti-debt movement, whose effect was palpable at the World Trade Organization's (WTO) meeting in Seattle in late 1999. Even though it is effective, the anti-debt movement showcases many different viewpoints which results in an assortment of methods. The causes and effects of the aforementioned inequalities make the case for Northern lobbyists and activists to shadow anti-debt organizations that spark public opinion in the South.

Based on recent history, it appears that early debt restructuring is frequently accompanied by an early recovery. Soon after signing the IMF deal, the Republic of Korea negotiated a restructuring of its short-term debt with its creditor banks, while Thailand gained a bank agreement to restructure its short-term debt roughly six months after the crisis. Indonesia is also said to be in the process of renegotiating its debt. Only about a year after the crisis began, emerging nations' debt difficulties were solved through restructuring (Executive Committee on Economic and Social Affairs of the United Nations. 1999). The fact that the two first countries recovered faster is just coincidental. Moreover, debtors benefit from early restructuring since it gives them breathing room while also removing the uncertainty regarding payment commitments. In this regard, the IMF arrears funding might help debtor governments negotiate an early debt restructuring agreement with creditors.

Another problem that may need to be resolved in the future. In the 1980s, the informal debt restructuring process at the London Club, an informal multinational club of private creditors responsible for rescheduling countries debt payments to commercial banks, was facilitated by the practice of syndicated bank financing to sovereign debtors. In the 1990s, the quantity, sophistication, and variety of recent capital movements rendered the methods used in the past to ensure acceptable private sector participation in resolving catastrophic worldwide financial crises less relevant. There is no system in place to allow for an orderly renegotiation of bonds. The G10 plan to incorporate special terms in debt contracts that allow for creditors' collective representation, qualified

majority vote on contract amendments, and mandated sharing of debt repayment revenues should be taken seriously. (Group of 10, 2002)

A takeaway from the Asian crisis is the critical need for openness and accountability. Financial instability at the corporate and national levels can be exacerbated by a lack of transparency and accountability, complicating attempts to address crises. To promote openness and accountability, action is required. The international community should work harder to implement the recommendations mentioned earlier. Of particular note is the establishment of an inter-ministerial task force on finance and statistics. This includes international organizations such as the IMF, OECD, World Bank, BIS and the United Nations. (UNCTAD), European Central Bank and Eurostat. Its task is to improve the editing and prevalence of data on external debt and foreign exchange reserves.

Questions a Resolution Must Answer

1. How can we eliminate the debt owed by the Global South countries to the Global North?
2. How can we ensure that Global South countries will maintain positive relationships with Global North countries?
3. Can we alter the SAPs to give Global South nations more flexibility to pay their debts?
4. How can we achieve positive economic growth for Global South nations in spite of their debts?

Starter Sources

https://ips-dc.org/structural_adjustment_programs/

<https://www.theguardian.com/global-development-professionals-network/2017/jan/14/aid-in-reverse-how-poor-countries-develop-rich-countries>

https://repositorio.cepal.org/bitstream/handle/11362/7480/S9970483_en.pdf?sequence=1&isAllowed=y

Topic 2: Ensuring energy sovereignty in developing countries.

Introduction

Governments and countries around the world are increasingly building solar parks, wind farms, and power plants to generate power. However, climate change still looms large. As developing countries ramp up their energy sources and address energy poverty, renewable energy is becoming a more popular alternative to fossil fuels. Additionally, the scarcity of fossil fuel energy sources is a pressing issue that many countries around the world are aiming to solve. This makes the prospect of developing renewable energy more desirable.

History

Renewable energy technology was formerly thought to be out of reach for underdeveloped nations. However, non-hydro renewable energy investment has been stronger in developing nations than in developed countries since 2015, accounting for 54% of global renewable energy investment in 2019 (United Nations. 2014). Solar energy, wind power, geothermal energy, and biomass are all plentiful renewable energy resources in most developing nations, as is the capacity to build the rather labor-intensive systems that harness them. These nations may lessen their reliance on oil and natural gas by developing such energy sources, resulting in energy portfolios that are less sensitive to price increases, thus affecting countries that were the providers for the natural gases previously needed. These investments may be less expensive than fossil fuel energy systems in many cases. They are also better alternatives for energy since fossil fuels are on the path to becoming scarce.

Moreover, the Earth's population has doubled since the 1960s, which indicates that humans require double the amount of resources they do now than they did back then. This can be an explanation for the rapid decrease in natural resources. Humanity

will continue to grow, and the sustainable use of natural resources and energy must be heavily considered for future generations.

The world's population has doubled since 1960 and is projected to exceed 9 billion by 2050. 99% of this population growth and 50% of urban growth are expected to occur in developing countries. According to the United Nations Environment Program (UNEP), Latin America and the Caribbean are highly urbanized while Africa and Asia are under-urbanized, with about 40% of the population currently living in cities, but with high growth rates, the urban population is projected to grow to 62% by 2050. In 2007, 78% of the population lived in the city, and should be 89% by 2050. The United Nations predicts that by 2050, 6 billion people will live in cities (United Nations. 2014).

Analysis

As human populations multiply, as do the number of urban areas that grown dramatically since the Industrial Revolution. Currently, more than 3.5 billion people live in urban areas. Developing countries, in particular, are rapidly changing from rural to urban economies. The extent of urbanization in developing countries depends on scope and speed, but the challenge is to stabilize growing demand for safe energy supplies, building bridges for access, providing competent justice systems, self-determination, and minimizing environmental degradation.

Energy sovereignty can be seen as the ability of communities to manage and regulate this energy. It means the right of conscious individuals, communities, and people to make their own decisions about energy production, distribution, and consumption in a way that suits ecological, social, economic, and cultural situations. It has a negative effect on others. As with food, "energy sovereignty" is in contrast to "energy security." "Energy security" aims to guarantee sufficient energy to run the economy, regardless of where the energy comes from and who controls it. However, there are different views among supporters of "energy sovereignty" about the meaning of the words "energy" and "sovereignty" and who should use or exercise them for what purpose (Ariza-Montobbio, P. 2015). The most important differences include the consideration of

energy as a strategic resource or commodity compared to energy as a fundamental right, public interest, or foundation of life. There is also a difference in the focus of questions on the energy mix as the structure of major commercial energy sources, compared to the complex overall energy system considerations between social, political, economic and ecological relationships.

Considering the growing scarcity of our current energy resources and the expansion of the world's population, it is crucial to consider the implementation of alternative renewable energy. Renewable energy will ensure a stable energy supply which is key for a nation's economic growth. Nations must apply a sustainable development model that achieves productivity at the expense of decreasing resource consumption. A prime example of this is China's rapid growth in productivity while consuming large amounts of resources which can lead to ecological degradation. This is not a viable solution in the long-term, even though it yields positive short-term results. Furthermore, China accounted for 15% of the global GDP growth in 2003, but it is important to consider that the nation's industrious society requires more resources and food (Zhang W. 2006).

There is an ongoing debate regarding the influence of energy policy on energy sovereignty. For example, the US' energy policy has the potential to achieve said sovereignty, but it is not being implemented properly (Schelly, C., Bessette, D., Brosemer, K., Gagnon, V., Arola, K. L., Fiss, A., Pearce, J. M., & Halvorsen, K. E. 2020). Energy policies can empower community-scale decision making, speed up electricity decarbonization, and give communities the power to reduce externalities that result from the fossil-fuel energy system.

Questions a Resolution Must Answer

1. What are some ways to achieve energy sovereignty for developing countries?
2. How can we alter energy policy to achieve energy sovereignty?
3. How can we move away from fossil-fuel energy systems while still maintaining economic growth?
4. What are the consequences of using fossil fuels?
5. How can we ensure that the needs of the Earth's growing population are met?

Starter Sources

<https://www.un.org/en/chronicle/article/sustainable-urban-energy-future>

<http://www.ejolt.org/wordpress/wp-content/uploads/2015/09/EJOLT-6.79-84.pdf>

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This background guide has been reviewed and inspected by 1) The AUDMUN's executive Department of Committees & Research (Ali A. Kurukçi, Ibrahim Nasser).