



World Trade Organization (WTO)

MUNUC 33



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CHAIR LETTER

Dear Delegates,

Welcome to MUNUC XXXIII! My name is Kyu Park, and I will be your chair for the World Trade Organization this year. Though this year may be different from any other year, I wholeheartedly believe your passion and dedication are things that do not change.

I am currently a second year here at the University of Chicago, studying Economics and possibly along with Law, Letters, and Society. I was born in Seoul, South Korea, but I moved to a small suburban city in Ohio called North Canton when I was 13 years old. I graduated middle school and high school there, meeting and befriending so many cool American friends. Here at UChicago, I am President of DelGiorno House and also part of the Admissions Office where I volunteer and work. I would be more than glad to talk to you about my college life or generally anything besides MUNUC stuff, so if you want to just say hi or listen to my stories, feel free to talk to me at conference!

In this committee, you are given two topics A and B, where Topic A expresses the concerns about the new emerging technology called blockchain and cryptocurrency, and Topic B discusses food safety and its trading. While the two topics seem very different, they are alike in a way; each country wishes to regulate the import of technology or food for their own benefits. Both topics are relatively recent issues, and I hope you can find issues interesting and perhaps possible to relate to you personally.

The ultimate goal of the WTO is to ensure frictionless, barrierless trade with minimum trade restrictions. Bearing that in mind, in this session of the WTO, I would love to see the delegates' efforts to find the golden mean between the benefits of their representing countries and the purpose of the WTO, reaching the agreement to which extent the regulations of trading could be justified. This year's WTO will deal with more "legal" frameworks compared to past years, which means you will be dealing with many local laws and legislations, as well as globally set agendas. I encourage you to go beyond my background guide and look up local laws related to the topics so that you have a firm idea where your country stands.

One of my favorite quotes is "This too shall pass". We are in the middle of unprecedented times, but this too shall pass. I too am staying optimistic and hoping to see you all on campus for the conference.

Till then, be safe.

Kyu Y. Park

HISTORY OF THE WTO

Founded in 1995, The World Trade Organization (WTO) is the only global organization that supervises international trade. The WTO aims to mitigate barriers to global trade by establishing regulations to promote mutual economic growth between multilateral actors.

The WTO originated from the General Agreement on Tariffs and Trade (GATT) in 1947. The GATT initially reduced tariffs and facilitated global trade to promote economic recovery following World War II. Since then, the GATT provided and supervised the rules for world trade. In this period, the global community saw the highest increase in global trading.¹

However, a long period of global trade ruled by the GATT revealed an inherent problem; the GATT was a mere agreement, and it lacked a coherent institutional structure. In November 1982, representatives from across the globe convened the Uruguay Round in order to discuss global trade legislation, reviewing trade disputes and national policies. However, the attempt to modernize global trade was hindered, taking nearly eight years. The solution they developed was called the Marrakesh Agreement, which updated the GATT to the General Agreement on Trades in Services (GATS) on April 15, 1994.²

The Marrakesh agreement also included the formation of the World Trade Organization (WTO). The WTO is based on the GATT and GATS frameworks in order to supervise global trade. Starting with 123 countries, the WTO, as of 2020, currently consists of 164 member nations. The WTO, under the GATT and GATS framework, currently serves to set rules for international trade, provide a forum for negotiating, arbitrate trade disputes, assure the transparency of trade processes, cooperate with other agents to improve global economy, and assist developing countries to benefit from the global trading system.³

¹ Heakal, Reem. "What Is the World Trade Organization?" Investopedia, August 28, 2020. <https://www.investopedia.com/investing/what-is-the-world-trade-organization/>.

² Encyclopedia Britannica. "World Trade Organization (WTO) | History & Facts," November 20, 2019. <https://www.britannica.com/topic/World-Trade-Organization>.

³ Ibid.

As such, the WTO has had a relatively short history compared to other major global institutions. This means that the body has less precedent on which to base decisions in ambiguous situations. For this very reason, the WTO must be able to bring up innovative policies rather than relying on old, outdated ones. As delegates, it is important to remember the young passion of the WTO. Although focusing on past precedent (whether established in the WTO, multilateral agreements, or UN body) is important, there is significant room to introduce new and innovative proposals for the better global economy.

TOPIC A: RECOGNITION OF CRYPTOCURRENCY

Statement of the Problem

Cryptocurrency: A brief introduction

Many aspects of everyday life have seen significant improvements in convenience and efficiency due to the widespread advancement of technology. In 2009, currency received a technological overhaul with the introduction of cryptocurrency. Cryptocurrency is a digital asset, or decentralized currency, that is created by blockchain technology. In other words, it is electronic cash; cryptocurrency serves the exact role as the cash or dollar bills do in the market, except that they can be traded only via online transactions. Since 2009, cryptocurrency expanded both in size and its role; in just over a decade, cryptocurrency market size increased by 9,000,000 %.⁴

Cryptocurrency was intended to be used in everyday transactions. However, as cryptocurrency gained attention, flaws began emerging. People started to acknowledge the inherent problems of cryptocurrency when used in everyday transactions. Limited acceptance, significant infrastructure requirements, and a hodgepodge of local and international laws all hindered the development of the technology. Because of these hassles, people often approach cryptocurrency as an investable electronic asset that could bring profits based on the fluctuations of their values in addition to its established role as a legal tender.

Because of the short history of cryptocurrency, there has not been much established about it on a global level. Trade conflicts might arise given the diametrically different local laws and regulations of cryptocurrency in each country. The goal of this committee is to create an international framework to better integrate cross-border cryptocurrency use and establish international standards.

⁴ Hajric, Vildana. "Bitcoin's 9,000,000% Rise This Decade Leaves the Skeptics Aghast." Bloomberg.com. Bloomberg, December 30, 2019. <https://www.bloomberg.com/news/articles/2019-12-31/bitcoin-s-9-000-000-rise-this-decade-leaves-the-skeptics-aghast>.

Anonymity of Cryptocurrency

All electronic transactions made by cryptocurrencies are protected and secured by blockchain technology. Blockchain is a type of technology where data is stored and verified in peer-to-peer networks, rather than on one server. Unlike traditional transactions, where only the banks facilitate them and record the details afterwards, blockchain technology saves the encrypted details of the transactions of cryptocurrency to this peer-to-peer network. The details of each transaction are checked and authorized by millions of computers that are part of this network and can never be deleted.⁵ Because the whole network has the details of the transaction, it is impossible to forge transaction details unless one hacks all the other computers in the network. This ensures that cryptocurrency is resistant to attempts of forgery or similarly fraudulent actions.⁶ Furthermore, it is difficult (but not impossible) for anyone who is not involved in the transaction to track or look at its details. Instead of personally identifiable information, a chain of letters and numbers is used to identify each individual transaction.⁷ Such anonymity and security has garnered much attention from propagators of censorship-free transactions, especially from those who reside in authoritative countries that censor the flow of information.⁸

The Controversy on Cryptocurrency

There are many controversies in the debate over cryptocurrency. Proponents of the technology argue that it has the capacity to further the advancement of digital banking platforms. Even a 2018 WTO annual report acknowledges the infinite potential of cryptocurrency to improve the economy. The report says that “the promise of greater security, efficiency, integrity and traceability offered by Blockchain is leading an increasing number of companies to investigate the potential of the technology as a way to cut costs and improve their current business practices.”⁹ Countries are currently developing cryptocurrency-based payment infrastructure to facilitate more efficient global

⁵ Mearian, Lucas. “What Is Blockchain? The Complete Guide.” Computerworld, January 29, 2019. <https://www.computerworld.com/article/3191077/what-is-blockchain-the-complete-guide.html>.

⁶ Hagen, Mick. “Commentary: Blockchain Could Be the Savior of Free Speech.” Fortune. Fortune, July 27, 2018.

⁷ Bohannon, John. “Why Criminals Can’t Hide behind Bitcoin.” Science | AAAS, March 8, 2016. <https://www.sciencemag.org/news/2016/03/why-criminals-cant-hide-behind-bitcoin>.

⁸ Hagen.

⁹ “World Trade Report 2018: The Future of World Trade.” World Trade Organization. WTO, 2018. https://www.wto.org/english/res_e/publications_e/wtr18_e.htm.

trading as well.¹⁰ However, for many reasons, cryptocurrency has not been welcomed as warmly as other technologies. The misuse of cryptocurrency technology is shrouded in infamy, making countries, businesses, and individuals hesitant on using the technology. 11 years after the first cryptocurrency was released, many local businesses and corporates are still hesitant on implementing it as a method of payment for a variety of reasons.

Cryptocurrency is a double-edged sword. Although the anonymity of cryptocurrency brings security benefits for electronic payments by encrypting the transaction details, there are drawbacks as well. Since it is impossible for government agents to track the transactions made by cryptocurrency, it is actively used as a transaction method in black markets and the deep web for illicit businesses. In fact, cryptocurrency remains the primary currency for criminal use, including purchasing child porn, illegal drugs and weapons, and even head-hunting.¹¹ A lack of central governing agents monitoring cryptocurrency leaves the door wide open for rampant criminal abuse. In order to develop a coherent surveillance and prosecution strategy, cooperation among nations will be required. Although tracing may be impossible, it could at least provide coherence to a largely unregulated international market. It is indeed the WTO's role to address the potential misuse of cryptocurrency on a global level as it pertains to international trade and even discuss criminal deterrence, international cooperation, and potential positives. It is important to assess the extent to which the global community will monitor the flow of cryptocurrency and launch a unified response.

Anonymity is not the only controversial subject surrounding cryptocurrency. Some skeptics question whether cryptocurrency can even be considered a stable form of currency used for everyday purchases. Cryptocurrency lacks many properties that currencies must have in order to be used in real-life transactions. In economics, currency must possess three functions: medium of exchange, a unit of account and a store of value.¹² It is true that cryptocurrency proved its capacity as a medium of exchange. However, many skeptics believe it still is too risky to implement cryptocurrency for real-life transactions. Due to the blockchain technology, cryptocurrency lacks a central banking system

¹⁰ Ibid.

¹¹ Popper, Nathaniel. "Bitcoin Has Lost Steam. But Criminals Still Love It." The New York Times, January 28, 2020, sec. Technology. <https://www.nytimes.com/2020/01/28/technology/bitcoin-black-market.html>.

¹² "Functions of Money, Economic Lowdown Podcasts: Education Resources: St. Louis Fed." Functions of Money - The Economic Lowdown Podcast Series, Episode 9. Federal Reserve Bank of St. Louis. Accessed June 15, 2020. <https://www.stlouisfed.org/education/economic-lowdown-podcast-series/episode-9-functions-of-money>.

and instead stores information using the aforementioned blockchain technology. The lack of a central banking system indicates that there is no agency that could responsibly control the flow of currency in the market.¹³ The central banking system remains essential for currency to remain as a stable legal tender in transactions, given its role in influencing the value of currency and controlling inflation and deflation.

Not only does cryptocurrency lack a central banking system, but the value is also incredibly volatile. For example, Bitcoin has experienced extreme increases and decreases in value within a short period of time.¹⁴ Such volatility is an obstacle for cryptocurrency to become a reliable method to store value over long periods of time. It is nearly impossible to consistently measure an object's economic value with cryptocurrency given the cryptocurrency's rapid fluctuations in value.

In fact, some even view the cryptocurrency market as a literal gamble rather than an asset exchange. This is a concern expressed by people skeptical about the volatility of cryptocurrency values. The rapid rise and fall of cryptocurrency values don't appear to be financial investments, but rather a gamble where people gain and lose money based on their luck. In 2018, the South Korean government discussed the misuse of cryptocurrency as a gambling method, and potential implementation of bans in the cryptocurrency market.¹⁵ The volatility could also hinder global trade of cryptocurrency; the extreme and rapid change in values may create huge losses on one side and therefore disincentivize the usage and integration of the technology as a formal international exchange. As an extreme example, a payment received as cryptocurrency that was worth several billion dollars could worth a few hundred dollars the following day. In this example, could this situation be seen as a "fair trade"? Even if the trade was technically fair, would it be worthwhile for countries to invest huge resources to trade in cryptocurrency when they could instead use well established legal tenders?

¹³Kraybill, Diya, and William Wu. "Why Bitcoin Is Not a Viable Currency Option." KnowledgeWharton Fellows, June 7, 2018. <https://kw.wharton.upenn.edu/kwfellows/why-bitcoin-is-not-a-viable-currency-option/>.

¹⁴ Voell, Zack. "Traders Brace for Major Volatility as Bitcoin Price Nears Record Highs." CoinDesk, November 17, 2020. <https://www.coindesk.com/trading-volatility-bitcoin-price-record-highs>.

¹⁵ Iyengar, Rishi. "Bitcoin-Crazy South Korea May Face a Ban on Cryptocurrency Trading." CNNMoney. Cable News Network, January 11, 2018.

Despite all these concerns, cryptocurrency technology is an innovation that can improve and potentially replace electronic transactions. In fact, some businesses have already started to accept cryptocurrency as a method of payment and have not experienced any significant problems. Starbucks, Nordstrom, and Whole Foods accepted cryptocurrency payments as of May of 2019.¹⁶ The financial sector is also keenly watching the growth and potential of cryptocurrency. JPMorgan Chase successfully administered two Bitcoin exchange accounts in April 2020.¹⁷ The bank started accepting clients from cryptocurrency businesses in May 2020.¹⁸

The WTO must address how this double-edged sword will be handled. On one hand, it is important to ensure that the features of cryptocurrency highlighted above will not be abused. While cryptocurrency is designed to be anonymous, there might be a necessity for a global organization like the WTO to monitor the flow of cryptocurrency to ensure the validity of the transaction and prevent criminal usage. Volatility might also come into the consideration of the WTO in future. Could the WTO manually stabilize the volatility of cryptocurrency used in global trading? If not for the sake of free trade (with no interference), how could the WTO assess the risk caused by the unstable volatility of cryptocurrency? Could usage of cryptocurrency deter trade if the value of cryptocurrency unexpectedly increases or decreases? These are some of the many questions that must be addressed before cryptocurrency can be actively used in global trading. It is therefore important to establish a coherent cryptocurrency framework for international trade.

Conflicting interests in cryptocurrency and diametrically different local policies

Due to the controversy surrounding cryptocurrency, national policies are often diametrically opposed with one another. This has created a patchwork of laws incompatible with seamless global transactions. Such policy differences and conflicting interests have the potential to produce trade conflicts when cryptocurrency exchange occurs internationally. One potential conflict emerges surrounding liability: which country is responsible for the security of the transaction? It is unclear

¹⁶ Del Castillo, Michael. "Customers Can Spend Bitcoin At Starbucks, Nordstrom And Whole Foods, Whether They Like It Or Not." Forbes. Forbes Magazine, October 1, 2019. <https://www.forbes.com/sites/michaeldelcastillo/2019/05/13/starbucks-nordstrom-and-whole-foods-now-accept-bitcoin-just-dont-ask-them/#72aa3c522526>.

¹⁷ Helms, Kevin. "JPMorgan Chase Starts Accepting Bitcoin Businesses for Banking Services: News Bitcoin News." Bitcoin News. Bitcoin.com, May 13, 2020. <https://news.bitcoin.com/jpmorgan-chase-bitcoin-businesses/>.

¹⁸ Ibid.

who should be responsible for the faults if, for some reason, cryptocurrency exchange goes wrong. Because the cryptocurrency network is owned by individuals, it is unclear who should claim liability. Furthermore, conflicts could emerge when two countries have incompatible laws.¹⁹ Since the legality of cryptocurrency differs by country, the trade in itself might be in dispute. Lastly, because cryptocurrency requires secure and stable internet connection, it is important to consider developing nations and their relative lack of internet infrastructure. Because the WTO promotes international trading without discrimination, it is important to set up an agenda to include as many developing countries as possible in building the cryptocurrency trading framework. Ultimately, ununified and discordant policies at the local level may produce obstacles for cryptocurrency trade, hindering the promotion of free trade policy of the WTO. It is indeed the role of the WTO to facilitate free trade without discrimination by resolving trade conflicts and calling for the cooperation of the global community in response to the rise of new technology.²⁰

A country's cryptocurrency policy largely models how they regulate the rest of the economy. Countries with government-controlled markets tend to regulate cryptocurrency since they view cryptocurrency as a potential threat to the government due to its anonymity. In order to avoid uncontrolled and uncensored transactions, the governments impose heavy regulations on cryptocurrency, if not a complete ban. On the flipside, liberal cryptocurrency regulations (and broader acceptance) tend to appear in capitalist countries. To promote economic growth on the free market, they impose minimal restrictions on the usage of cryptocurrency. Taxation is a common example of a minimal but present regulation;²¹ by imposing taxes on cryptocurrency, governments acknowledge cryptocurrency as electronic assets. Imposing taxes could also prevent potential money laundering and tax evasion by attempting to track the conversion of cryptocurrency to cash. Such disparity in regulations of cryptocurrency might create barriers to free trade. When an international trading of cryptocurrency between two countries with different cryptocurrency regulation policy occurs, a trade conflict might occur. Also, when a multinational company attempts to transfer their cryptocurrency assets, they might face legal consequences due to the

¹⁹“World Trade Report 2018: The Future of World Trade.” World Trade Organization. WTO, 2018. https://www.wto.org/english/res_e/publications_e/wtr18_e.htm.

²⁰Hutt, Rosamond. “The World Trade Organization. Here’s What It Actually Does.” World Economic Forum, December 9, 2016. <https://www.weforum.org/agenda/2016/12/world-trade-organization-wto-explained/>.

²¹ComplyAdvantage. “Cryptocurrency Regulations Around the World,” February 6, 2020. <https://complyadvantage.com/blog/cryptocurrency-regulations-around-world/>.

different local laws of cryptocurrency. To minimize the hassle in global cryptocurrency trading, a more uniformed and concord agreements on the regulation of cryptocurrency must be reached at the WTO. (This topic is discussed more thoroughly in Past Actions).

Even if the usage of cryptocurrency is legalized, the role of cryptocurrency might differ from country to country. While some view cryptocurrency as a taxable electronic asset with many restrictions, some view them as potential liquid currency that could be freely used along with the paper currency. Some countries even further support the usage of cryptocurrency as they see cryptocurrency as a potential additional currency. Countries like Venezuela even printed national cryptocurrency Petro that could be used in the market just like cash.²²

Due to the complicated nature of cryptocurrency, the proper usage of the currency and blockchain technology is still being studied. In order to integrate the technology into the global trading framework, the global community must cooperate. The WTO will discuss and plan out the bright future where cryptocurrency and blockchain technology will improve, and how that will be achieved through negotiations and discussions.

²² O'Neal, Stephen. "State-Issued Digital Currencies: The Countries Which Adopted, Rejected or Researched the Concept." Cointelegraph. Cointelegraph, July 19, 2018. <https://cointelegraph.com/news/state-issued-digital-currencies-the-countries-which-adopted-rejected-or-researched-the-concept>.

History of Problem

The Birth of the First Cryptocurrency, Bitcoin

In October of 2008, an unknown individual using the pseudonym Satoshi Nakamoto published a paper called "Bitcoin: A Peer-to-Peer Electronic Cash System."²³ In this paper, the mechanism of peer-to-peer transactions of digital assets was proposed. It presented the public network of digital currency exchange, where individuals participate in the banking system. Three months later, in January of 2009, Nakamoto successfully issued the first cryptocurrency, called Bitcoin. The first ever Bitcoin transaction was made on January 12, 2009, only 9 days after its initial issuance. Nakamoto sent 10 BTC (BTC is a currency unit of Bitcoin) to Hal Finney, an early contributor to the Bitcoin project. After demonstrating the successful issuance and exchange of Bitcoin, the emerging currency started to gain fame and saw increases in value.

Cryptocurrency was first used as a formal method of transaction on May 22 of 2010, a year after the release of Bitcoin.²⁴ Two large pizzas were purchased for 10,000 BTC, which was worth about \$40 at that time.²⁵ 10,000 BTC is now worth about \$236 million (or almost 11 million pizzas), with 1 BTC worth almost \$24,000 as of publication. This is considered to be the first commercial transaction made with cryptocurrency. Since then, cryptocurrency has worked its way into public discourse.

Due to the advantages of cryptocurrency, investors have started to pay more attention to this new technology. As the field gained popularity, more cryptocurrencies were *coined*. One example is Ethereum, the first proposed Bitcoin alternative.²⁶ Like Bitcoin, Ethereum relies on blockchain technology. Launched in 2015, Ethereum quickly gained popularity, becoming the second largest cryptocurrency. As of January 2020, the Ethereum market size was 1/10 of that of Bitcoin's.²⁷ As of 2020, there are more than 2,000 cryptocurrencies being traded, which many of those existing as

²³ Nakamoto, Satoshi. *Bitcoin: A peer-to-peer electronic cash system*. Manubot, 2019.

²⁴ Moore, Galen. "10 Years On, Laszlo Hanyecz Has No Regrets About His \$4.5M Bitcoin Pizzas." CoinDesk. CoinDesk, May 22, 2020. <https://www.coindesk.com/bitcoin-pizza-10-years-laszlo-hanyecz>.

²⁵ Ibid.

²⁶ Reiff, Nathan. "The 10 Most Important Cryptocurrencies Other Than Bitcoin." Investopedia. Investopedia, January 29, 2020. <https://www.investopedia.com/tech/most-important-cryptocurrencies-other-than-bitcoin/>.

²⁷ Ibid.

mere tokens to be used in a small closed community.²⁸ These 2,000 cryptocurrencies were collectively valued at \$1.03 billion as of 2019 but this figure is likely much higher now. The WTO estimates that blockchains and cryptocurrencies could deliver over \$3 trillion of value worldwide by 2030 in various applications.²⁹



Historic Stances of The WTO towards Cryptocurrency

Because of its short history, cryptocurrency has not yet been thoroughly discussed by a full meeting of the WTO. They have hosted just a few small-scale forums discussing the future and potential use of cryptocurrency. Despite the relatively small amount of discussion, the body has simultaneously acknowledged the economic values and potential drawbacks of the technology.

In a publication titled "Can Blockchain Revolutionize International Trade?", the WTO expresses many reasons for adopting a supportive stance towards cryptocurrency.³⁰ Firstly, the paperless nature of cryptocurrency eliminates the days it may take to process physical documents and paper

²⁸ Ibid.

²⁹ "World Trade Report 2018: The Future of World Trade." World Trade Organization. WTO, 2018. https://www.wto.org/english/res_e/publications_e/wtr18_e.htm.

³⁰ Ganne, Emmanuelle. "WORLD TRADE ORGANIZATION," 2018. https://www.wto.org/english/res_e/publications_e/blockchainrev18_e.htm.

payments.³¹ Furthermore, paperless transactions utilizing cryptocurrency are far more convenient than transactions involving hundreds of pages of documents. The WTO also pointed out the potential usage of cryptocurrency in financial sectors. While it seems ironic for banks to be interested in cryptocurrency (which is inherently decentralized), banks, in fact, possess 20% of the total patents for blockchain and cryptocurrency technology, remaining some of the largest stakeholders.³² For instance, in June 2020, Capital One filed a patent regarding the AI system to predict trends in the cryptocurrency market.³³ This shows the interest of bank corporations in the cryptocurrency market, hinting that this area might be a goldmine. This interest stems from blockchain's potential use in mobile and electronic banking with its nearly impenetrable security measures.³⁴ Lastly, the WTO highlighted the usage of cryptocurrency and blockchain in enhancing government procurement processes. Blockchain not only provides a highly secure electronic environment for government affairs but also increases efficiency in the government procurement procedures by enabling automation.³⁵ This could be done by an automated bidding system of the government suppliers through blockchain. Because the bid is secure and protected by blockchain technology, the whole bidding and contract could be automated without any human involvement.³⁶ The US General Services Administration is one of the government agents that is currently investigating the usage of blockchain for government procurement.³⁷ Japan is also another country that is testing a blockchain based system for public procurement processes, hoping to increase transparency and efficiency.³⁸

³¹ Ibid.

³² Ibid.

³³ Helms, Kevin. "Capital One Files Patent for Cryptocurrency Market AI Prediction System: News Bitcoin News," August 21, 2020. <https://news.bitcoin.com/capital-one-cryptocurrency-prediction-system/>.

³⁴ "WORLD TRADE ORGANIZATION." WTO. World Trade Organization, 2018. https://www.wto.org/english/res_e/publications_e/blockchainrev18_e.htm.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Ibid.

³⁸ Ibid.

Past Actions

National Actions

While the bright promise of cryptocurrency and blockchain is without question, many countries still are hesitant to actively implement these new technologies in their economy. This is for multiple reasons; some countries are concerned about the untraceability of cryptocurrency and worry that cryptocurrency might weaken the authority of the central government and banking system. These concerns generally tend to have more authoritarian governments, such as China and Russia, while countries with liberal economies like the United States tend to embrace the new technology. Because the goal of the committee is to establish a united global response towards the cryptocurrency—whether it be support or regulation—it is important to understand different perspectives and contexts towards cryptocurrency and blockchain technology.

As mentioned above, the general trend is that the more control the government has over the economy, the more hostile the government is towards cryptocurrency.³⁹ Countries that often interfere in the market and economy tend to attempt to regulate cryptocurrency, a possible challenge towards a controlled economy. China is one of the many examples; China remains as one of the only countries that displays a hostile attitude towards the usage of cryptocurrency. This is due to the concern that cryptocurrency may be used to evade the controlled economy in the country. In addition, cryptocurrency and blockchain have been reportedly used as a form of messenger that could potentially avoid Chinese censorship.⁴⁰ For these reasons, China has been hesitant to implement cryptocurrency. Although it has not formally passed legislation, China currently does not recognize cryptocurrency as legal tender nor approve of cryptocurrency transactions.⁴¹ In fact, not only is the usage of cryptocurrency banned, but the initial coinage of cryptocurrencies (called initial coin offering or ICO) is strictly regulated; China has established multiple regulations making

³⁹ "Regulation of Cryptocurrency Around the World." Library of Congress Law. Library of Congress, June 1, 2018. <https://www.loc.gov/law/help/cryptocurrency/world-survey.php>.

⁴⁰ Hagen, Mick. "Commentary: Blockchain Could Be the Savior of Free Speech." *Fortune*. Fortune, July 27, 2018. <https://fortune.com/2018/07/26/blockchain-technology-cryptocurrency-ethereum-censorship-free-speech/>.

⁴¹ Zhou, Xiaochuan. "Future Regulation on Virtual Currency Will Be Dynamic, Imprudent Products Shall Be Stopped for Now." *Xinhuanet*, Mar. 1, 2018. http://www.xinhuanet.com/finance/2018-03/10/c_129826604.htm (in Chinese)

cryptocurrency mining and initial coining illegal, therefore discouraging the rise of cryptocurrency.⁴² In September 2017, China proclaimed that virtual currency transactions are considered public financing without government supervision and thus are illegal.⁴³ Furthermore, in May 2018, Zhao Xiaochuan, the governor of the People's Bank of China, said China will no longer recognize virtual currencies as a tool for retail payments, and will not be part of the Chinese banking system. With such effort, by 2018, Chinese trading of Bitcoin with Chinese Yuan has dropped from 90% of global Bitcoin trading to under 1%, according to the Law Library of Congress of the United States.⁴⁴

Russia is also hesitant to implement cryptocurrency. However, Russia generally maintains a more open attitude towards cryptocurrency compared to China. Russia introduced a framework for cryptocurrency regulation in July 2018, which described the role of cryptocurrency in Russian economy. According to this bill, cryptocurrency is recognized as an asset but not a legal tender, indicating that it cannot be used for any transaction.⁴⁵ While the Russian government recognizes owners' rights to possess cryptocurrency, they have significantly limited the usage of cryptocurrency. Furthermore, the exchange of cryptocurrency to Russian Rubles or any other foreign currency is strictly forbidden.⁴⁶

Meanwhile, the United States provides an open environment for cryptocurrency and blockchain technology to grow. In fact, the Trump administration expressed a belief that cryptocurrency will bring "true freedom" to the market.⁴⁷ The Trump administration hoped that cryptocurrency could initiate a decentralized economy and market where individuals have more power instead of the centralized bank. While several regulations are put in cryptocurrency to prevent potential misuse, the United States government does have minimal restrictions on cryptocurrency trading. For example, the IRS taxes cryptocurrency, recognizing it as financial assets.⁴⁸ Furthermore, in 2020, the United States congress introduced the Cryptocurrency Act of 2020, which requires federal agencies

⁴² "Regulation of Cryptocurrency Around the World." Library of Congress Law. Library of Congress, June 1, 2018. <https://www.loc.gov/law/help/cryptocurrency/world-survey.php>.

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ Cuen, Leigh. "Ex-Trump Adviser Bannon Says Cryptocurrency Will Bring 'True Freedom'." CoinDesk. CoinDesk, March 7, 2018. <https://www.coindesk.com/steve-bannon-crypto-revolution>.

⁴⁸ "Virtual Currencies." Internal Revenue Service. IRS, February 12, 2020. <https://www.irs.gov/businesses/small-businesses-self-employed/virtual-currencies>.

to regulate and oversee cryptocurrency usage in order to prevent criminal misuse.⁴⁹ This proposed law clarifies which institution will be responsible for the regulation of digital assets and establishes which certifications are needed in order to engage in digital asset exchange.⁵⁰ However, despite these restrictions, cryptocurrencies are more actively used in the market. Unlike Russia, local businesses and corporations are able to accept cryptocurrency payments without formal restrictions.

Another notable case study occurs in Japan. As the homeland of Satoshi Nakamoto, Japan actively endorses the usage of cryptocurrency both in the financial sector and real life. Not only does Japan recognize cryptocurrency as a legal asset, but the government also recognizes cryptocurrency as a legal form of payment.⁵¹ As a result, Japan currently possesses one of the most developed cryptocurrency payment systems in the world. Japan also passed several laws in order to prevent criminal usage of cryptocurrency. The Payment Act, enacted in April 2017, ensured that cryptocurrency businesses must be operated by a private stock company or foreign cryptocurrency company.⁵² By requiring licenses, Japanese government ensured that all cryptocurrency transactions could be monitored. Japan also implemented methods to prevent cryptocurrency theft. After experiencing \$400 million worth of cryptocurrency theft in 2018, Japan enacted the Act on Prevention of Transfer of Criminal Proceeds, which requires all cryptocurrency trade to be named, prohibiting anonymous cryptocurrency trade.⁵³ This act eliminated the anonymity of cryptocurrency and adding traceability to each trade, ultimately prohibiting anonymous cryptocurrency trade.

Venezuela is also notable because the government coined its own cryptocurrency, which was to be used as national currency. In fact, Venezuela was the first country to implement cryptocurrency into a national tender. Under Decree 3196 of December 2017, the government of Venezuela created its own cryptocurrency, the Petro, pegging the value of one Petro to one barrel of oil.⁵⁴ The Decree

⁴⁹ Helms, Kevin. "US Lawmaker Introduces Crypto-Currency Act of 2020 While Under Coronavirus Quarantine: Regulation Bitcoin News." Bitcoin News. bitcoin.com, March 10, 2020. <https://news.bitcoin.com/cryptocurrency-act-of-2020/>.

⁵⁰ Ibid.

⁵¹ McCombie, Charlie. "New Regulations in Japan Recognise Bitcoin as a Legal Form of Payment." Cointelegraph. Cointelegraph, March 8, 2016. <https://cointelegraph.com/news/japan-recognise-bitcoin-payments-legal>.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ O'Neal, Stephen. "State-Issued Digital Currencies: The Countries Which Adopted, Rejected or Researched the Concept." Cointelegraph. Cointelegraph, July 19, 2018. <https://cointelegraph.com/news/state-issued-digital-currencies-the-countries-which-adopted-rejected-or-researched-the-concept>.

3196 recognizes Petro as a financial asset and as a legal method of transaction.⁵⁵ The Petro could be used in the market the same way as paper money. Although Petro gained significant attention from the world, it ultimately failed. It eventually resulted in a trade dispute with the United States when it was banned from the American market. Yet this matter is currently awaiting solutions from the WTO (more on this later). Meanwhile, the Venezuelan Congress, a body at odds with the rest of the government, also declared that the issuance of the Petro from Venezuelan government illegal as of March 2018. Nevertheless, the Venezuelan government ignored the Congress's decision, approving Petro as legal currency for any transactions including its usage in government institutions.⁵⁶ Despite many questions arising, today, Venezuela continues on their experiment in using cryptocurrency as a national currency.



⁵⁵ Ibid.

⁵⁶ "Regulation of Cryptocurrency Around the World." Library of Congress Law. Library of Congress, June 1, 2018. <https://www.loc.gov/law/help/cryptocurrency/world-survey.php>.

International Actions

While many countries have already responded to the new technology by establishing legal frameworks, there has been no unified global response. Formally, the WTO has no stance on the usage of cryptocurrency, although several investigations and forums were held to discuss the future of the technology. The WTO and other international organizations have previously acknowledged the potential economic benefits cryptocurrency and blockchain can bring, calling for both research and further investment. In December 2019, the WTO held a forum to discuss the use of cryptocurrency in international trade.⁵⁷ During the forum, the WTO emphasized global cooperation in order to address the future agenda of cryptocurrency. The forum highlighted potential areas where blockchain technology can bring innovations and potential applications of blockchain technology. Of course, the potential drawbacks and precautionary measurements were also discussed as well.

However, the WTO has seen early disputes over cryptocurrency embargoes. On December 28, 2018, Venezuela filed a dispute against the United States concerning the United States' regulation of Venezuelan cryptocurrency Petro, along with other physical goods. This was in response to President Donald Trump's Executive Order 'Taking Additional Steps to Address the Situation in Venezuela' released on March 19, 2018, which banned the purchase of Venezuelan cryptocurrency Petro.⁵⁸ Venezuela argued that the United States has imposed "coercive trade-restrictive measures...on the Bolivarian Republic of Venezuela," including "discriminatory coercive trade-restrictive measures with respect to transactions in Venezuelan digital currency."⁵⁹ Venezuela claimed that the United States' regulations on Petro violates Articles II:1, XVII:1 and XXIII:3 of the General Agreement on Trade in Services (GATS) agreement of WTO.⁶⁰ Venezuela claimed that treatment was "less favourable than

⁵⁷ "Global Trade and Blockchain Forum." WTO. World Trade Organization. Accessed May 23, 2020. https://www.wto.org/english/res_e/reser_e/workshop_blockchain_21219_e.htm.

⁵⁸ Trump, Donald J. Executive Order 13857, "Executive Order on Taking Additional Steps to Address the Situation in Venezuela."

⁵⁹ Haig, Saumel. "Venezuela Files Complaint With WTO Regarding US Sanctions Targeting Petro: Regulation Bitcoin News." Bitcoin News, January 15, 2019. <https://news.bitcoin.com/venezuela-files-complaint-with-wto-regarding-us-sanctions-targeting-petro/>.

⁶⁰ "Dispute Settlement - DS574: United States - Measures Relating to Trade in Goods and Services." World Trade Organization. WTO, May 8, 2019. https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds574_e.htm.

that it accords to like services and service suppliers of any other country”, since the United States does not regulate cryptocurrencies originated from the United States or other countries.⁶¹

The WTO decision on Venezuela’s dispute on the United States—DS574 Measures Relating to Trade in Goods and Services—is yet to be released. The dispute was filed on December 28 2018, and has not reached a conclusion for two years.⁶² On 14 March 2019, Venezuela submitted a request to establish a panel in order to resolve the trade conflict, requesting other countries to join to arbitrate this conflict. As of 2020, there have been no further updates.⁶³ This dispute remains as the only WTO dispute that is directly concerned with cryptocurrency. Thus, this dispute failed to establish a precedent on trade conflicts concerned with cryptocurrency. However, this example demonstrates that as cryptocurrency gains more popularity, more trade conflicts will rise. It is the WTO’s role to set up a clear trading structure to prevent future trade conflicts as well as to resolve the current one.

Given the short history of cryptocurrency and blockchain technology, the global community has not yet developed a framework that could be applied in future cryptocurrency trading. While cryptocurrency trading conflicts remain minimal for the time being, they are bound to rise. It is indeed a role of the WTO to discuss how cryptocurrency will work in the 21st century and create guidelines to prevent future hypothetical cryptocurrency trading problems.

⁶¹ “General Agreement on Trade in Services.” World Trade Organization. WTO. Accessed October 12, 2020. https://www.wto.org/english/docs_e/legal_e/26-gats_01_e.htm.

⁶² “Dispute Settlement - DS574: United States - Measures Relating to Trade in Goods and Services.” World Trade Organization. WTO, May 8, 2019. https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds574_e.htm.

⁶³ Ibid.

Possible Solutions

Unlike other agendas where you can start from an already existing framework, there are few existing international regulations on cryptocurrency. The ultimate goal of the WTO is free trade with minimal barriers. It would therefore be desirable to reach a global framework to prevent future trade barriers.

Delegates should first work towards establishing the definitions and scope of the resolution.

Cryptocurrency and blockchain technology are inherently complicated, and therefore you may need to define what these terms exactly refer to. For example, does cryptocurrency only include electronic currencies built on blockchain technology, or can all other electronic currencies, such as Amazon credits, be considered cryptocurrency? Also, would there be a difference between public-owned cryptocurrency, such as Bitcoin and Ethereum, and government-owned cryptocurrency, such as Petro from Venezuela? Countries that are interested in publishing their own cryptocurrency might be supportive towards cryptocurrency, and they should try to persuade the global communities to accept their cryptocurrency. After all, there must be an agreement to the definitions of these terms, otherwise vague meanings of each word might create confusion and conflicts.

Secondly, consider how different local laws might affect future cryptocurrency trading. For example, what happens when one sends Bitcoin from the United States to someone in China? Would China have rights to forbid that trading? If so, wouldn't that violate the principle of free trading of the WTO? To add on to the complexity, all countries have different laws and legislations—from different definitions of cryptocurrency to different regulations. While it may be impossible to force all countries to enforce the same regulations on cryptocurrency (which is not in the purview of this committee), delegates must jointly develop solutions that could reduce conflicts due to a disparate regulatory landscape. Consider the various legal issues that might arise as cryptocurrency trading occurs more actively in future. Liability could also be an issue that might need to be discussed. Delegates should also consider issues that might arise as different nations coin their own cryptocurrency.

Furthermore, global cooperation to prevent cryptocurrency misuse and criminal usage should also be addressed in this session. How could the problems caused by anonymity of cryptocurrency be prevented while maintaining sovereignty of the cryptocurrency banking system? You should

consider to which degree the freedom of cryptocurrency should be regulated, depending on your government's system. For example, a nation with loosely regulated markets might choose to push for an agenda that guarantees freedom in trade of cryptocurrency, even if it condones some deviations. On the other hand, highly controlled governments may want to establish ways to monitor the flow of cryptocurrency. This could help deter criminal activity.

Finally, this committee should consider the "fair trade" of cryptocurrency. Because cryptocurrency is inherently an electronic currency, the internet is a necessity. Still to this date, many developing countries lack wireless infrastructure, thus leaving them behind from cryptocurrency and blockchain innovations. This is especially important in countries with inflation or otherwise unstable national currencies to turn to. It is also the WTO's role to promote fair trading among all nations; how could we possibly reduce this unfair barrier? In other words, how do we promote equal trading of cryptocurrency among all nations? Countries that are interested in implementing cryptocurrency might have to collaborate with developing countries, such as promising to provide aid to developing countries so that they can join the cryptocurrency trading as well. Nations that want to monopolize cryptocurrency may not want other countries to join cryptocurrency trading.

Bloc Positions

As previously emphasized, due to the complicated nature of cryptocurrency, this issue must be addressed from a variety of perspectives. A resolution should be more nuanced than a binary “cryptocurrency is good/bad,” it is imperative to consider the diversity of national and corporate interests. National security should also be considered for some countries; could the development of cryptocurrency and blockchain technology pose a security threat? As a representative of your government, what would be the best approach?

Countries with open attitudes towards cryptocurrencies

It is of no doubt that this technology is innovative and full of potential. This technology can improve the efficiency of your country's industry and facilitate efficient consumer transactions and trading. Many countries have already started to acknowledge and implement cryptocurrencies as legal methods of payment in various markets. For technology and banking industries, blockchain technology has increased the efficiency of their businesses--better performance for less cost. Consider how cryptocurrency will impact both consumers and key industries. For those countries heavily invested in technology and banking, they might consider a call for full international support towards this technology. Consider how many electronic transactions occur in your country currently and decide whether the implementation of cryptocurrency and blockchain technology would be beneficial or too costly at this point.

Developing Countries

Due to the electronic nature of cryptocurrency, cryptocurrency requires significant investment in infrastructure to be available to a significant proportion of the population. While some advanced countries already do have stable internet connection, most developing countries are yet to have complete internet development, and thus may be excluded from the usage of this technology. Furthermore, many individuals could benefit from access to digital wallets when they otherwise might not have access to a secure banking system or financial network. Cryptocurrency could therefore be used as a means to establish large-scale electronic commerce in parts of the world without access to secure banks. The WTO, as an organization promoting fair and equal trade of

cryptocurrency, you should also consider these innate difficulties of developing countries in implementing cryptocurrency and blockchain technology. As a collective organization of different countries with different development levels, how could you alleviate these difficulties and promote the fair and equal trade of cryptocurrencies?

Countries with significant consumer use of cryptocurrencies

Ultimately, cryptocurrency and blockchain technology must be beneficial to consumers. Therefore, you should consider the top-down impact of any new regulations. Too many complicated regulations of cryptocurrency might confuse average consumers and hinder private commerce and investment. You could also implement to educate consumers regarding safe use of cryptocurrency to prevent potential confusion that new regulations could bring.

Countries with tightly regulated markets

For some more authoritative governments, cryptocurrency is a double-edged sword. As aforementioned, cryptocurrency exchange does not require a central banking system, thus exuding government control in the exchange. This may be seen as a threat to some governments that impose heavy regulation on the economy and asset exchange. Furthermore, there have been multiple attempts to deliver messages (and bypassing censorship) through the blockchain system, which also may undermine the authority of the government. For those governments, restrictive policies towards cryptocurrency and blockchain technology may be favored.

Glossary

Bitcoin: The first cryptocurrency created with blockchain technology. Bitcoin remains as the biggest and most widely used cryptocurrency as of today, followed by Ethereum, another cryptocurrency.

Blockchain: A technology of storing information using cryptography. It stores information on each “block”, in a decentralized, public network of computers. When a block stores information, it is then added to the public “chain” and is connected to the existing chain. Then, the block and the information become public.⁶⁴

Cryptocurrency: A cryptocurrency is a digital or virtual currency. It is a currency that is encrypted with blockchain technology, making it nearly impossible to counterfeit or double-spend.⁶⁵ Cryptocurrency is not owned by anyone nor has a central banking system. Rather, it is run by a public network of computers.

⁶⁴ Ibid.

⁶⁵ Frankenfield, Jake. “Cryptocurrency.” Investopedia. Investopedia, May 5, 2020. <https://www.investopedia.com/terms/c/cryptocurrency.asp>.

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TOPIC B: GLOBAL FOOD PROTECTION

Statement of the Problem

Food Safety: A Brief Introduction

Globalization has increased the variety of foods that consumers can enjoy. With food as one of the largest global trade markets, small changes have far-reaching impacts in economics, global health, trade policy, and politics. Many key sub-topics have emerged as points of contention between countries in past years.

Firstly, genetically modified (GM) foods have stirred controversy due to questions surrounding perceived food safety, environmental protections, farmer liabilities, and embargo rights. These foods, which contain modified genes in order to improve crop output or otherwise protect the product, are widely regarded by scientists as safe for consumption. However, the issue is still seen as highly politicized, with many countries choosing to limit or ban GM foods entirely.

On a similar note, foods from certain regions are suspected to be contaminated and therefore deemed unsafe. For example, seafood from Fukushima, Japan is embargoed by many countries due to concerns over radioactivity. Disputes about the legitimacy of the ban, and its pertinence to WTO policies on free trade, eventually necessitated a settlement process from the WTO.

It is essential to strike a balance between necessary safety measures and speedy trading. Consumer safety is the top priority, but that must be balanced with free and barrierless trade. The WTO must provide a clear guideline of to which extent the food safety measurements should be put on before import/export, and in which situation extra safety measurements could be justified. It is time to reevaluate and reassess the current WTO policy of food trading.

Genetically Modified Foods

Genetically modified foods (commonly known as GM foods, or GMOs), have emerged as a political hot button over the past few decades. GMOs are crops or other food products that have been

genetically altered in order to capitalize on a particular trait or adaptation. For example, GM plants are engineered to repel particular bugs or withstand the heavy use of herbicides. This is ultimately intended to increase crop yields.⁶⁶

While it is an undeniable truth that GM foods are extremely efficient, the cultivation of GM foods has stirred controversy on numerous points. Firstly, although the scientific community attests to the safety of GM products, there is still lingering doubt among consumers whether to purchase and consume the food. For example, while 88% of scientists from American Association for the Advancement of Science believe genetically modified foods are generally safe, a poll found that only 37% of the general public feels safe consuming GM foods.⁶⁷ This shows that the gap between the public sense of scientifically modified food and scientists' point of view is quite large. While the science may suggest that GM foods are safe, we should also consider the opinions of consumers; if they suspect GM foods to be unsafe, then GM foods might have to be reconsidered regardless of their actual safety. One report by the National Academy of Sciences agreed that beyond the scientific evidence regarding the safety of GM foods, the public's trust must also be addressed, and a more transparent and inclusive conversation about GM foods is therefore needed.⁶⁸

The second major question surrounding GM foods concerns environmental problems. Growing genetically modified crops might affect the surrounding ecosystem, leading to the growth of herbicide-resistant weeds and causing biodiversity loss.⁶⁹ In fact, the cultivation of GM crops on European land is limited due to the concerns of the adverse effects on the environment within and surrounding farmlands.⁷⁰ There are also other ecological concerns. The hybridization or crossbreeding of GM foods with local crops may produce potentially dangerous mutations, although

⁶⁶Purdue University College of Agriculture: The Science of GMOS. "Why Do We Use GMOs?" <https://ag.purdue.edu:443/GMOs/Pages/WhyGMOs.aspx>.

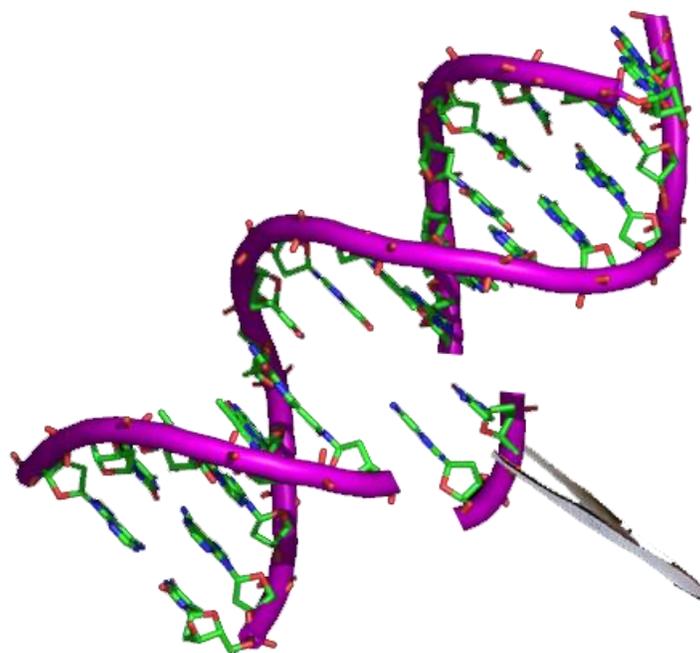
⁶⁷ "Public and Scientists' Views on Science and Society." Pew Research Center Science & Society. Pew Research Center, December 30, 2019. <https://www.pewresearch.org/science/2015/01/29/public-and-scientists-views-on-science-and-society/>.

⁶⁸ Haspel, Tamar. "Scientists Say GMO Foods Are Safe, Public Skepticism Remains." National Geographic. National Geographic Society, January 23, 2018. <https://www.nationalgeographic.com/culture/food/the-plate/2016/05/17/scientists-say-gmo-foods-are-safe-public-skepticism-remains/>.

⁶⁹ AgBioResearch: Michigan State University. "Superweeds, Secondary Pests & Lack of Biodiversity Are Frequent GMO Concerns," August 15, 2018. <https://www.canr.msu.edu/news/superweeds-secondary-pests-lack-of-biodiversity-are-frequent-gmo-concerns>.

⁷⁰ "Restrictions on Genetically Modified Organisms." Restrictions on Genetically Modified Organisms | Law Library of Congress, September 6, 2015. <https://www.loc.gov/law/help/restrictions-on-gmos/>.

this is still the subject of further research.⁷¹ Cross-pollination of GMOs with other organisms may create unexpected offspring. It is also necessary to consider the impact on GMO consumption on animals, both domesticated and wild. While humans may not be consuming untested, hybridized GM foods, these animals might. Because of these challenges that come with cultivation of GM foods, many countries have considered limiting or banning GM cultivation.



Lastly, due to corporate control over the patents for GMO seeds, the crops may harm and even marginalize the local farmers who depend on the pricey seeds necessary for farming. The World Future Council released a statement about their concern on GMO seeds and their harmful effects on farmers: “While profitable to the few companies producing them, GMO seeds reinforce a model of farming that undermines sustainability of cash-poor farmers, who make up most of the world’s hungry. GMO seeds continue farmers’ dependency on purchased seed and chemical inputs. The most dramatic impact of such dependency is in India, where 270,000 farmers, many trapped in debt for buying seeds and chemicals, committed suicide between 1995 and 2012.”⁷² Countries therefore

⁷¹ Phillips, Theresa. “Genetically Modified Organisms (GMOs): Transgenic Crops and Recombinant DNA Technology.” *Nature Education*, 2008. <https://www.nature.com/scitable/topicpage/genetically-modified-organisms-gmos-transgenic-crops-and-732/>.

⁷² Ibid.

may be interested in banning or limiting GMO's in order to protect farmers from massive GM corporations.

As of 2015, according to the anti-GMO group Sustainable Pulse, thirty-eight countries officially ban or prohibit the cultivation of GMOs and nine countries including Algeria, Bhutan, Kenya, Kyrgyzstan, Madagascar, Peru, Russia, Venezuela and Zimbabwe also ban their importation.^{73,74}

Case study: European Union

The European Union (EU) has the most dynamic and perhaps even most complex history in terms of GM foods. In 1996, the first explicitly GM labeled food products were released to the EU market, produced by Sainsbury's and Safeway. These tomatoes were approximately 10% cheaper than the organic tomatoes cultivated, yet there was little public response, neither positive nor negative.⁷⁵ As GM foods garnered more attention in subsequent years, some began to question their safety. In May 1999, the publication of a research report in *Nature* found that pollen from GM crops might be toxic to larvae of the Monarch butterfly, potentially threatening biodiversity and the ecosystem.⁷⁶ While this paper was later retracted as the research was found to be "improperly conducted", it had significant effects on the EU food industry.⁷⁷ In June 1999, five EU member states (Denmark, France, Greece, Italy and Luxembourg) called for a more strict and transparent regulatory framework for GMOs: "[...] in accordance with the precautionary principle, new marketing authorizations [of GMOs] shall be suspended'. This led to a *de facto* moratorium on the GM foods imported from the United States of America, which basically refused to approve GM crops imported from the United States.⁷⁸ Ever since this decision by the EU, no approvals for the marketing of GM foods were

⁷³"Where Are GMO Crops and Animals Approved and Banned?" GMO FAQs. Genetic Literacy Project. Accessed May 23, 2020. <https://gmo.geneticliteracyproject.org/FAQ/where-are-gmos-grown-and-banned/>.

⁷⁴ "Where Are GMO Crops and Animals Approved and Banned?" GMO FAQs. Genetic Literacy Project. Accessed May 23, 2020. <https://gmo.geneticliteracyproject.org/FAQ/where-are-gmos-grown-and-banned/>.

⁷⁵ Scholderer, Joachim. "The GM foods debate in Europe: history, regulatory solutions, and consumer response research." *Journal of Public Affairs: An International Journal* 5, no. 3-4 (2005): 263-274.

⁷⁶ Ibid.

⁷⁷ Ibid.

⁷⁸ Ibid.

granted until the final lifting of the moratorium in May 2004 as the WTO ruled that such action was against the WTO policy.⁷⁹

Foods from Disaster Affected Regions

GM foods are not the only type of foods regarded by consumers as 'unsafe'. Some foods from specific locations are also perceived as dangerous. For example, seafood imported from Japanese sea territory concerns many around the world. After the Fukushima Nuclear Disaster, seafood cultivated from Japanese sea territory was rumored to be unhealthy due to the possible radiation contamination. Because the radioactive contaminated foods could affect the consumers' health, consumers were very hesitant on consuming such seafoods imported from Japan.⁸⁰ However, just because consumers may not want to eat Japanese seafood, countries cannot simply impose import bans because those violate the free and fair-trade policy of the WTO. In fact, there have been trade disputes among many countries regarding the import of Japanese seafood which will be elaborated later on this paper.⁸¹ The question to be considered is—which is prioritized? Does the consumer's safety come first, or WTO principles of nondiscrimination? What would be the golden balance between such contradicting principles?

There are many types of foods that are deemed questionable to consumers. While such concerns are totally understandable, it is the goal of the WTO to ensure that there are no barriers to free trade. To solve such a problem in this session, you, as a delegate of the WTO and representative of your country and your countries' consumers, will be addressing a correct balance between free trade and consumer safety. Not only should you consider the policy of the WTO, but you should also pursue the interest of your countries, including the safety of your citizens.

⁷⁹ Ibid.

⁸⁰ Tong-Hyung, Kim, and Mari Yamaguchi. "WTO Upholds South Korean Ban on Fukushima Seafood." ABC News, April 12, 2019. <https://abcnews.go.com/International/wireStory/wto-upholds-south-korean-ban-fukushima-seafood-62347627>.

⁸¹ Ibid.

History of Problem

The Second Agricultural Revolution and Food Production

Since the Industrial Revolution, agricultural production has skyrocketed as a result of ongoing innovation. While innovative techniques such as crop rotation and selective breeding have increased the productivity of farmers, modern methods driven by scientific advancement have dramatically accelerated this trend. As technology entered the microscopic world, we gained the ability to genetically modify an organism to produce certain benefits. As such, genetically modified (GM) foods present potential solutions to global famine due to its remarkable productivity and efficiency.⁸²

The Second Agricultural Revolution was not just an innovation for food production; rather, it would change the history of mankind. In fact, some historians claim that the Industrial Revolution would have not existed without the Second Agricultural Revolution.⁸³ This is because of the importance of food in every aspect of life. The Second Agricultural Revolution, which started in England, was marked by significant innovations in farming and food production. The effect of the Agricultural Revolution is apparent; between 1700 to 1850, farming output and food production doubled due.⁸⁴ Furthermore, historians claim that England would have starved should the Agricultural Revolution have not occurred.⁸⁵ With plentiful food, the human population was able to skyrocket.

Fukushima Disaster: A Case Study

In 2011, one of the worst earthquakes in the 21st century occurred in Japan and triggered a tsunami that destroyed the Fukushima Nuclear Power Plant. The disaster, called Fukushima Daiichi nuclear disaster, not only affected the local area but also the nearby aquatic ecosystem that surrounded the powerplant. Radioactive waste and toxic chemicals flowed into the sea, significantly contaminating seafood cultivated in that region. As a result, East Asian countries including China, South Korea,

⁸² Jamil, Kaiser. "Biotechnology – A Solution to Hunger?" United Nations. United Nations.. <https://www.un.org/en/chronicle/article/biotechnology-solution-hunger>.

⁸³ "Agriculture in the Industrial Revolution - The Industrial Revolution - KS3 History Revision - BBC Bitesize." Accessed August 1, 2020. <https://www.bbc.co.uk/bitesize/guides/zvmv4wx/revision/5>.

⁸⁴ Ibid.

⁸⁵ Ibid.

Taiwan, Hong Kong, Macau, Singapore, Russia and the Philippines banned importation of seafoods produced in Fukushima and nearby regions.⁸⁶ While such decisions may seem reasonable, Japan, worried about the economic loss caused by such bans, started to claim that the seafood from Fukushima was safe from radioactive contamination and is thus safe to be consumed.⁸⁷ Japan continuously pressured other countries to withdraw the import ban, leading to mixed results.⁸⁸ The Philippines and Morocco already have lifted all the import measures, while countries including Indonesia, Hong Kong, China and the United States still maintain partial import measures on Fukushima seafoods.⁸⁹ Most recently, Singapore lifted a 9-year ban on Fukushima food products in February 2020.

Countries have implemented different policies towards Fukushima seafood due to the lack of scientific research that clearly evaluates their safety. Austrian researcher at Vienna University of Technology Stefan Merz also acknowledges the inherent biases in different scientific research concerning the safety of Fukushima foods.⁹⁰ Research on such matter inherently include biases; scientific biases in the case of the measurements of radiation levels and human biases in sampling or the choice of investigated foods (for example, the origin of the selected sample) could be present at any time.⁹¹ While it seems reasonable for countries to ban the import and consumption of unsafe foods, the ideal time span and scope of these regulations remain unclear. Each concerned country conducts its own, often flawed, research and therefore reaches different conclusions on regulations. For example, a study conducted in 2015 by the Institute for Environment & Community Development Studies (IECDS), the Korea Radiation Watch Center, and the Gwangju chapter of the Korean Federation for Environmental Movement, released their findings that 5.3% of the seafood

⁸⁶ Lee, Youkyung, and Mari Yamaguchi. "South Korea to Fight WTO Ruling on Fukushima Seafood Ban." *The Seattle Times*. The Seattle Times Company, February 23, 2018. <https://www.seattletimes.com/business/south-korea-to-fight-wto-ruling-on-fukushima-seafood-ban/>.

⁸⁷ *Ibid.*

⁸⁸ *Ibid.*

⁸⁹ "List of Countries and Regions That Have Lifted Import Measures on Japanese Food Imposed after the TEPCO's Fukushima Daiichi Nuclear Power Plant Accident." Ministry of Agriculture, Forestry and Fisheries. Ministry of Agriculture, Forestry and Fisheries, September 11, 2020. https://www.maff.go.jp/j/export/e_info/pdf/kisei_keii_en.pdf.

⁹⁰ Merz, Stefan, Katsumi Shozugawa, and Georg Steinhauser. "Analysis of Japanese radionuclide monitoring data of food before and after the Fukushima nuclear accident." *Environmental science & technology* 49, no. 5 (2015): 2875-2885.

⁹¹ *Ibid.*

from the Fukushima disaster affected area contained radioactive materials.⁹² Contradicting the concern expressed by Korean academia, the IAEA (International Atomic Energy Agency) released a report also in 2015 that stated “Japan has achieved good progress in improving its strategy and the associated plans, as well as in allocating the necessary resources towards the safe decommissioning” of Fukushima Daiichi nuclear plant.⁹³

In order to resolve this trading conflict, Japan appealed to WTO, claiming that such a ban is a regulation of Sanitary and Phytosanitary Measures (SPS), thereby attempting to remove obstacles in free trade of food in 2015.⁹⁴ Specifically, Japan claimed it was a violation of Articles 2.2, 2.3, 4, 5.1, 5.2, 5.5, 5.6, 5.7, 5.8, 7, and 8, paragraphs 1 and 3 of Annex B, and paragraphs 1(a), 1(c), 1(e) and 1(g) of Annex C, of the SPS Agreement; and Article XXIII:1 of the GATT 1994.⁹⁵ Simply put, Japan claimed that South Korea violated the SPS agreement which specifies that food import ban requires “sufficient scientific evidence” which South Korea did not provide.⁹⁶

On May 21st of 2015, Japan requested consultations with Korea regarding:

- (a) “import bans on certain food products”;
- (b) “additional testing and certification requirements regarding the presence of certain radionuclides”;
- (c) “a number of alleged omissions concerning transparency obligations under the SPS Agreement.”⁹⁷

In their consultation to the WTO, Japan expressed their concern over South Korea’s lack of scientific evidence in their decision of maintaining import bans on Fukushima seafood to the committee. The

⁹² Kim, Young-Dong. “Study Finds 5.3% of Domestic and Russian Seafood Contains Radioactive Material.” Hankyoreh, December 26, 2015. http://english.hani.co.kr/arti/english_edition/e_international/723574.html.

⁹³ “IAEA Issues Report on Fukushima Decommissioning Review.” IAEA. IAEA, May 14, 2015. <https://www.iaea.org/newscenter/pressreleases/iaea-issues-report-fukushima-decommissioning-review>.

⁹⁴ “DS495: Korea — Import Bans, and Testing and Certification Requirements for Radionuclides.” World Trade Organization. WTO, April 26, 2019. https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds495_e.htm.

⁹⁵ Ibid.

⁹⁶ “The WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement).” World Trade Organization. WTO. Accessed October 1, 2020. https://www.wto.org/english/tratop_e/sps_e/spsagr_e.htm.

⁹⁷ “DS495: Korea — Import Bans, and Testing and Certification Requirements for Radionuclides.” World Trade Organization. WTO, April 26, 2019. https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds495_e.htm.

WTO accepted Japan's request to arbitrate the trade conflict. Moreover, in June of 2015, Taiwan joined the consultation on the side of South Korea. Taiwan also voted to maintain the ban on Japanese seafood as recently as November 25th, 2018.⁹⁸ Taiwanese Foreign Ministry spokesman Andrew Lee said that the ministry sympathizes with the public that showed much concern on Japanese seafoods, as thus will maintain the ban.⁹⁹

In 2018, the WTO published a report that strongly favored Japan's complaint, supporting the ease of restriction on seafood import.¹⁰⁰ While initially Japan seemed to win the dispute settlement, in 2019, the decision was overturned. The WTO upheld the South Korean import ban on Japanese seafood harvested from the area affected from Fukushima Daiichi Nuclear Accident.¹⁰¹ As a result, South Korea decided to maintain a permanent ban on Japanese seafood until they prove the Japanese foods safe.¹⁰²

⁹⁸ "Japan May Take Taiwan's Fukushima Food Import Ban to WTO," The Japan Times. December 2, 2018. <https://www.japantimes.co.jp/news/2018/12/02/national/politics-diplomacy/japan-may-take-taiwans-fukushima-food-import-ban-wto/>.

⁹⁹ Ibid.

¹⁰⁰ Osaki, Tomohiro. "WTO Backs Japan Complaint against South Korea's Fukushima Import Ban." The Japan Times, February 23, 2018. <https://www.japantimes.co.jp/news/2018/02/23/national/wto-backs-japan-complaint-south-koreas-fukushima-import-ban/#.XsjHUjKjZt>.

¹⁰¹ Tong-hyung, Kim, and Mari Yamaguchi. "WTO Upholds South Korean Ban on Fukushima Seafood." AP NEWS. Associated Press, April 12, 2019. <https://apnews.com/573aa55b26c14bcc33310ff3635f792>.

¹⁰² Ibid.

Past Actions

Past WTO Agreements

There have already been multiple WTO agreements on food safety. These laws provide guidelines for importing and exporting foods and assessing safety. One of the most important agreements is the Sanitary and Phytosanitary (SPS) Agreement. This serves as the cornerstone of a broad range of other food safety agreements. The SPS Agreement clarifies the conditions where each nation could reasonably restrict importation of unsafe food.¹⁰³ According to the Agreement, countries could ban imports on the grounds of safety as long as claims are “based on scientific principles and is not maintained without sufficient scientific evidence”.¹⁰⁴ Lastly, in terms of GM foods, The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) may come relevant when discussing the patentability of GM products.¹⁰⁵ Section 5 Article 27 of TRIPS clarifies that “plants and animals other than micro-organisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes” may be patentable subjects, indicating that GM foods created by non-natural manipulation are patentable.¹⁰⁶

In fact, there has already been a WTO dispute regarding GM foods. In 2003, a disagreement between the EU and the United States regarding the European import ban of GM foods emerged. Believing that GM foods may not be safe to consumers, the EU formally banned the import of GM foods from the United States, Canada and Argentina by imposing a de facto moratorium on approvals of GM foods.¹⁰⁷ Opposed to this decision, all three countries challenged the EU’s decision by bringing the case to WTO. When filed, the United States accused the EU of violating Articles 2, 5, 7 and 8, and Annexes B and C of the SPS Agreement, Articles I, III, X and XI of the GATT 1994, Article 4 of the

¹⁰³ Josling, Timothy. “A Review of WTO Rules and GMO Trade.” International Centre for Trade and Sustainable Development. International Centre for Trade and Sustainable Development, April 13, 2015. <https://ictsd.iisd.org/bridges-news/biores/news/a-review-of-wto-rules-and-gmo-trade>.

¹⁰⁴ “Agreement on Technical Barriers to Trade.” World Trade Organization. Accessed August 24, 2020. https://www.wto.org/English/docs_e/legal_e/17-tbt_e.htm.

¹⁰⁵ Josling, Timothy. “A Review of WTO Rules and GMO Trade.” International Centre for Trade and Sustainable Development. International Centre for Trade and Sustainable Development, April 13, 2015.

¹⁰⁶ “Part II — Standards concerning the availability, scope and use of Intellectual Property Rights.” World Trade Organization. Accessed August 24, 2020. https://www.wto.org/english/docs_e/legal_e/27-trips_04c_e.htm#5.

¹⁰⁷ “DS291: European Communities — Measures Affecting the Approval and Marketing of Biotech Products.” World Trade Organization. WTO, January 17, 2018. https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds291_e.htm.

Agriculture Agreement and Articles 2 and 5 of the TBT Agreement.¹⁰⁸ The WTO ultimately sided with the United States, agreeing that the GM food import ban imposed by the EU was illegal. The WTO acknowledged that such an import ban was a violation of the Sanitary and Phytosanitary Agreement.¹⁰⁹

In determining the outcome to this dispute, the WTO needed to determine whether GM foods were safe to be consumed. After much consideration, the WTO answered in the affirmative, and therefore the EU's decision to ban the importation of such "safe" food was illegal. However, due to the controversial nature of this matter, the WTO's justification of their decision using the SPS Agreement posed many questions. For example, the SPS Agreement specifically says, "any sanitary or phytosanitary measure is applied only to the extent necessary to protect human, animal or plant life or health, is based on scientific principles and is not maintained without sufficient scientific evidence".¹¹⁰ Back in early 2000s, research was still ongoing, and it was unclear whether GM foods were safe--many scientists who claimed GM foods should have been banned due to the potential threat to human health. And yet the WTO has ruled that GM foods were safe with "sufficient scientific evidence". Should this criterion still be upheld given the potential threats to biodiversity (among other concerns)?

GM Foods in European Union: A Case Study

Currently, the importation of GM foods is partially allowed by the European Union, while the cultivation of GM foods is decided by the individual members of the European Union.¹¹¹ The European Union has strict legislation that implements evaluation and safety assessments, thereby somewhat limiting the importation of GM foods.¹¹² Regulation No. 1829/2003 specifically explains how GM foods could be released to the EU market; it prohibits the usage of GMOs for food products

¹⁰⁸ Ibid.

¹⁰⁹ Ibid.

¹¹⁰ "Agreement on the Application of Sanitary and Phytosanitary Measures." Accessed August 29, 2020. https://www.wto.org/english/docs_e/legal_e/15sps_01_e.htm.

¹¹¹ "Restrictions on Genetically Modified Organisms." Restrictions on Genetically Modified Organisms | Law Library of Congress, September 6, 2015. <https://www.loc.gov/law/help/restrictions-on-gmos/>.

¹¹² Ibid.

unless an authorization is granted.¹¹³ These authorizations are from Authorization Under Regulation No. 1829/2003, where applications must:

1. "Comply with Annex II to the Cartagena Protocol on Biosafety, if applicable
2. Describe in detail the method of production and manufacturing
3. Include a copy of independent peer-reviewed studies
4. State that the food will not raise ethical or religious concerns of consumers
5. Indicate conditions for placing the GMO food or feed on the market
6. Provide for post-market monitoring, if the food is intended for human consumption"¹¹⁴

Moreover, the EU currently allows marketing or importation of GMOs and meat products fed by GMOs into the EU, only if the products have passed strict evaluation and safety assessment requirements that are imposed on a case-by-case basis.¹¹⁵ The whole process is overseen by the European Commission through a centralized procedure, as provided for in Regulation No. 1829/2003, along with Directive 2001/18/EC, both of laws which regulate and monitor the release of GMOs into the ecosystem.¹¹⁶ The assessment is done by the European Food and Safety Authority (EFSA).¹¹⁷

While many countries currently restrict cultivation and imports of GM foods, consumption is a bit of a different story. Consumption of GM food is generally far less regulated. For instance, while many EU countries prohibit the cultivation of GMOs, Europe is one of the world's biggest consumers of GM foods. Most of the soy products used for animal feed in Europe consist of GM products.¹¹⁸

¹¹³ Ibid.

¹¹⁴ Ibid.

¹¹⁵ "Restrictions on Genetically Modified Organisms." Restrictions on Genetically Modified Organisms | Law Library of Congress, September 6, 2015. <https://www.loc.gov/law/help/restrictions-on-gmos/>.

¹¹⁶ Ibid.

¹¹⁷ Ibid.

¹¹⁸ Lucht, Jan M. "Public acceptance of plant biotechnology and GM crops." *Viruses* 7, no. 8 (2015): 4254-4281.

Possible Solutions

Reinforcing the Existing WTO Agreements

While the SPS Agreement provides a good foundation for global food safety and trading, it was written back in 1998 and is inherently a bit outdated to be applied today. The word “safe food” might be too vague and require clear definitions that all countries could agree upon. Another example could be drawn from the GM food dispute above; what would constitute “sufficient scientific evidence” that could be used to judge whether the food is safe or not? Misunderstandings on the concept of safe food might create unnecessary trade conflicts. Therefore, this session of the WTO must consider what the definition of safe food is, considering both scientific evidence and social conceptions.

It might also be necessary for the WTO to create an international administration that could yield fair and unbiased assessment of food safety. It is clear that research from individual countries might be biased, often towards their own countries. An organization that is grouped with multinational scientists may be able to provide unbiased and objective assessments of food safety. This could be beneficial when it comes to trade conflicts regarding food safety.



However, creating tons of regulations is definitely not the optimal answer. The WTO strives to maintain frictionless and no-barrier trade with minimal regulations. While it is important to ensure that imported foods are safe to be consumed, undue regulations not only violate WTO policy, but

also might lower the food quality if the assessment process takes too long. It is the role of the WTO to find the golden mean between food safety and minimal regulations and incorporate those values into a well written resolution.

Consider the flaws of the existing WTO agreements and continuing trade conflicts over food safety. How could the existing WTO be improved and revised to accommodate the new standards for food safety? How will the food safety be assessed fairly without any bias? How could food safety be ensured without having too much regulation? The new WTO agreement must be able to enclose all the cases above to prevent future trade conflicts caused by questionable foods.

Public Conception on Food Safety

As introduced earlier, some foods like GM foods are considered safe to be consumed by scientists but not by consumers and public.¹¹⁹ While scientific evidence and research is definitely something necessary in food safety evaluation, public perception also may have to be considered in making policies regarding food safety. This is the reason why many countries and lawmakers are still hesitant to import GM foods, even if they know that GM foods are considered safe by the scientific community. Ultimately, the final consumers of the imported foods are individuals, not governments. This is why individuals' opinions matter, even if they disagree with science.

¹¹⁹ "Public and Scientists' Views on Science and Society." Pew Research Center Science & Society. Pew Research Center, December 30, 2019. <https://www.pewresearch.org/science/2015/01/29/public-and-scientists-views-on-science-and-society/>.

Bloc Positions

Food Importing Countries

Countries that heavily rely on food importation may push for unrestricted limits on food importations. Food safety assessment performed in other countries may not align with national standards. While it is important to minimize the trade barriers, these countries would argue that consumer safety comes first. A fair, independent scientific research might be necessary in order to fairly evaluate the safety of the food to be imported.

These countries must also consider the public perception of food safety. Even if some foods are found to be safe by scientific researchers, consumers must ultimately be willing to purchase the products. Simply put, companies may not import foods that consumers don't consider safe. In order for these foods to be imported, efforts such as public education to persuade the public with scientific evidence might be necessary.

Agricultural/Food Producing Countries

It may be beneficial for food exporters to reduce trade boundaries. Most countries already have assessments and evaluations of food safety before they can be exported, so the implementation of additional food safety assessment steps may hinder the trading process, which is against the policy and goal of the WTO. As an ambassador of your country, you may explain to the WTO how your country is enforcing the food safety regulations on food production.

Just like how the SPS Agreement states that safe food is determined by sufficient scientific evidence, there is no place for public opinions in determining safe foods. With sufficient scientific researches conducted before exports, foods that are determined safe must be able to be exported with no barrier at all.

Glossary

Agricultural Revolution: Gradual improvement in agriculture from the traditional agricultural system that began in Britain in the 18th century. Agricultural processes were improved using the scientific method. The resulting inventions included “new machinery, better drainage, scientific methods of breeding and ...crop rotation system.” The Agricultural Revolution greatly improved the food production.¹²⁰

Fukushima Daiichi Nuclear Accident: Nuclear accident in 2011 at the Fukushima Daiichi (“Number One”) plant in northern Japan, on Japan’s Pacific coast, mainly caused by a huge Tsunami after the earthquake. Currently marked as the second worst nuclear accident in the history of nuclear power generation after the Chernobyl disaster.¹²¹

GM Foods: Genetically modified (GM) foods are foods that were derived from organisms whose genetic material (DNA) has been manually modified. GM foods include meat that was fed with genetically modified crops or seeds engineered to sustain certain pesticides. GM foods modify existing genes to reinforce certain traits of the organisms, such as toxic tolerance, high reproduction rate and increase in size. Currently, most existing genetically modified crops have been modified to improve yield by increasing tolerance of herbicides. While the efficiency of GM foods is remarkable, the GM foods remain controversial due to food safety concerns, ecosystem damage, and the potential overreach of large international companies.¹²²

¹²⁰ The Editors of Encyclopaedia Britannica. “Agricultural Revolution.” Encyclopædia Britannica. Encyclopædia Britannica, inc., December 4, 2015. <https://www.britannica.com/topic/agricultural-revolution>.

¹²¹ The Editors of Encyclopaedia Britannica. “Fukushima Accident.” Encyclopædia Britannica. Encyclopædia Britannica, inc., May 27, 2020. <https://www.britannica.com/event/Fukushima-accident>.

¹²² “Food, Genetically Modified.” Accessed August 29, 2020. <https://www.who.int/health-topics/food-genetically-modified>.

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