

**Forum:** General Assembly 2

**Issue:** Ensuring cooperation between MEDCs and LEDCs on sustainable economic development

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## Introduction

The aim of the United Nations (UN) since the release of the MDGs (Millennium Development Goals) and the SDGs (Sustainable Development Goals) has been to provide the world with sustainable development in multiple sectors. According to the United Nations Economic and Social Council (ECOSOC), the “Three pillars of sustainability are economic, social, and environmental”. This in layman’s terms translates to: in order to achieve sustainable growth, factors such as growth in the economy, fulfilling social interests of groups, and benefiting the society and environment need to be taken into account. Economic development in current time is being led through two main factors- globalization and international trade.

Globalization and international trade are based on the agenda of an unequal distribution of resources. Trade liberalization has been a crucial part of the international economy and has brought with it many benefits. For example, through trade liberalization products are cheaper, there is greater specialization in products and firms face higher competition and in turn create more efficient techniques for producing certain products. Though trade liberalization has brought numerous benefits, half our world still remains struck with poverty.

Poverty is the leading cause of poor infrastructures, unemployment, illiteracy, violence, child labor, diseases and corrupted governments. Through the establishment of the MDGs in 2000, through steady progress slow success has been attained in trying to push past poverty, and since the recent introduction of the SDGs in 2015, there is a visible movement towards a more positive society in which poverty is at a minimum.

Though many of these movements have been set out, the injustice and suffering caused by poverty in LEDCs (Less Economically Developed Countries) still requires change, and this change can be administered through the cooperation of such LEDCs with MEDCs (More Economically Developed Countries). In order to do so, LEDCs need to invest in “opening up” their markets and by doing so facilitating the growth of their economies. Furthermore they need to open up their markets, and further expand their import channels from MEDCs, this will result with the required tools needed to set up the infrastructure needed to be able to sustain a more functioning and efficient export channel in the future. They further need to introduce the concept of liberalized trade, and in order to

achieve this, the need to grow their markets to an international scale, and also to further access all the benefits that come along with liberalized trade.

Through this trade liberalization process, international economies will profit by over 150 billion dollars, and in which  $\frac{2}{3}$  would come from such LEDCs. This liberalization and cooperation between countries will further relieve the world by lifting over 140 million people from poverty and will increase Growth Domestic Products (GDPs) in LEDC areas such as Africa, West Asia, Latin America and more. Through this globalization process, there will be open jobs and investment opportunities across the world, and due to the cooperation between multiple countries, there will be a slow and steady sustainable economic development process.

## Definition of Key Terms

### Globalization

Globalization is the process in which businesses expand their influence to an international scale. Globalization is an essential part of international trade, and helps expand trade and more to a wider scale.

### LEDCs

LEDCs stands for Less Economically Developed Countries. These types of countries are acknowledged through a list provided by the United Nations. These countries as in the name are less developed and hence require aid or assistance to properly succor their population

### MEDCs

MEDCs stands for More Economically Developed Countries. These on the contrary to LEDCs are as the name states “more economically developed”. This suggests that these countries have a “high standard of living and a larger GDP”.

### Trade Blocs

Trade Blocs are agreements between two parties (usually countries) in which they reduce/lift barriers regarding trade. For example, organizations such as NAFTA (North American Free Trade Agreement) or ASEAN (Association of Southeast Asian Nations) classify as trade bloc agreements.

### MDGs (Millenium Development Goals)

The Millennium Development Goals were eight goals established in 2000 for the year 2015. These goals were set out in order for the betterment of the world by the year of 2015.

### SDGs

The Sustainable Development Goals were 17 goals designed to succeed the MDGs and are set out for the year 2030. These goals which are currently active, are designated as the major goals of the United Nations, and similar to the MDGs, serve to be guidelines for the betterment of the world by the year 2030.

## **GDP**

The Gross Domestic Product is the monetary amount of goods/services a country produces in one year. The GDP of a state is a method of measuring economic development.

## **GATT**

The GATT was the General Agreement on Tariffs and Trade and was a treaty signed by multiple countries regarding international trade. This agreement's main goal was to set out a set of guidelines to further improve international trade throughout the world.

## **FTA**

FTA stands for Free Trade Agreement, and is a type of agreement set out by two parties in order to trade goods with little or no tariffs, quotas, subsidies, or prohibitions to inhibit their exchange.

# **Background**

## **Globalization**

Globalization has brought the world together, and through this process has opened doors internationally for trade and growth. This is as through globalization communication and transportation processes have improved drastically. Payment methods have also become more efficient, and procurement through online websites has made international trade very fast and accessible to the whole world. Globalization through uniting nations poses to be one of the largest factors in helping MEDCs strengthen their economies while strengthening the economies of LEDCs. This is as with globalization MEDCs have an easier route setup to trade with LEDCs, and this easier setup is what is required for the sustainable economic development of not just LEDCs but the world as a whole.

## **International Trade**

International trade as said above is based around the concept of an unequal distribution of technology and resources, and the goal of trade is to satisfy the missing needs of certain countries. The concept of international trade has been around for a long time, and evidence of this can be seen through large trade routes such as the Silk Road. This concept over the years has been molded through multiple trade agreements. One of the first trade agreements in the modern international trade scheme was the GATT (General Agreement on Tariffs and Trade). This agreement was signed post the second world war and was designed to help recover international economies from the costs of the World War. Soon after organizations such as the World Trade Organization (WTO) began to

form in order to govern international trade. Countries slowly started to realize the advantages of international trade and through cooperation, they enhanced legislation regarding international trade and helped form the international trade we know today. Furthermore, as international trade sets up an efficient scheme for trade across the world, it allows for MEDCs to help LEDCs in a more efficient manner, and hence results in a sustainable growth of the economy in both types of countries.

### **Barriers to International Trade**

Worldwide there is no uniform customs legislation, as different countries have different tariffs for different goods, coming from different countries. This ambiguity creates confusion and hinders international trade, by creating custom clearance hurdles by not allowing a free flow of goods. Secondly, immigration barriers (visas), language barriers, legal barriers (import and export barriers) play a large role in obstructing trade. Thirdly, there is also a large payment issue (sometimes due to poor banking), as specific payment methods have their own issues, for example opening a letter of credit costs a lot of money in LEDCs. Lastly, there are also issues regarding the quality of the goods and services received, the delivery time of the services, and the transportation of such goods and services. In the end, through preventing international trade, these barriers in turn hinder a sustainable economic growth.

### **Economic Cooperation**

Economic cooperation between LEDCs and MEDCs is extremely important in enhancing international trade, as the whole concept of international trade is on the basis that two parties are cooperating in order for the benefits of each other. Economic Cooperation can help facilitate international trade, and help remove barriers by creating a uniform and more lenient legislation regarding customs, immigrations and payment methods. A great example of this would be the Republic of China. This is as China being a MEDC, has assisted the growth of many countries throughout the world. For example China's assistance in building Nepali highways has not only resulted in a massive growth in Nepal's economy, but has also centered Nepal as a trade partner, and a political medium between India and China.

### **Advantages of Economic Cooperation to MEDCs**

MEDCs face many advantages from economic cooperation. This is as economic cooperation and international trade result in MEDCs receiving easy imports of raw materials, easy exports (to member countries in economic alliance (both LEDCs and MEDCs), reduces the cost for many products, increases diversity in the type of products, creates further competition in the market and hence increases quality and efficiency in manufacturing for products. For example through economic cooperation schemes Middle Eastern countries are able to export oil throughout the world with ease. These above listed advantages are only some of the many advantages of Economic

Cooperation. Furthermore MEDCs should be inclined to aid LEDCs due to the benefits for both sides as stated above.

### Advantages of Economic Cooperation to LEDCs

LEDCs through aid of course face multiple advantages such as but not limited to: an easy export for raw materials, easy imports for different goods and services, betterment of infrastructure and improvement in trade legislation. Furthermore, through the cooperation between LEDCs and MEDCs, there could be an improvement in the education sector, the health sector, and other infrastructure.

### Major Parties Involved

#### China

China as a MEDC country has large resources to help benefit other countries via its aid. Chinese aid is already extremely popular throughout many developing countries, and the effect of this aid can truly be seen on both China's side and the aid receiver's side.

#### USA

The United States has also been really effective with all forms of aid across the world, and this trade is what sets up the United States to be such a dominant figure throughout the world. Furthermore, once again this aid / trade initiative benefits both sides.

#### Nepal

Nepal is one of the countries which has been heavily affected by foreign aid. Chinese aid in Nepal is extremely popular, in which the main highways, stadiums and more are all built through Chinese funded projects. This aid is very important in setting sustainable economic development in Nepal, while helping China secure relations with its neighbouring countries.

#### Malawi

Malawi is another country which has received large amounts of aid through countries such as China. Many roads and stadiums throughout Malawi have been built through the Chinese, and once again this process of receiving or giving aid is extremely beneficial for both sides.

## Timeline of Events

Date	Description of event
<b>1948</b>	The GATT was implemented. This allowed minimization on tariffs, quotas and etc. throughout the world and hence made international trade more efficient.
<b>1964</b>	UNCTAD (United Nations Conference on Trade and Development) . The development of this sector of the United Nations, gave an international platform for the discussion of trade.
<b>1971</b>	World Economic Forum (WEF) was founded. The WEF's aim included "engaging business, political, academic, and other leaders of society to shape global, regional, and industry agendas"
<b>1994</b>	North American Free Trade Agreement (NAFTA). NAFTA was created as a trade bloc agreement between North American countries, in order to create a more free system for international trade.
<b>1995</b>	The World Trade Organization (WTO). The WTO as specified in the name is an organization that is very important in regulating trade across the world.
<b>2000</b>	MDGs (Millennium Development Goals) were instituted. The MDGs were international sustainability goals, which acted as a guideline to where the world wanted to be in 2015.
<b>2006</b>	CAFTA (Central American Free Trade Agreement) was signed
<b>2015</b>	SDGs (Sustainable Development Goals) were instituted. The SDGs are the successor of the MDGs and work similarly as guidelines for world development towards 2030.
<b>2016</b>	Trans-Pacific Partnership was signed, this was a trade bloc agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, and the United States.

## Previous Attempts to Resolve the Issue

- UNCTAD (United Nations Conference on Trade and Development) (1964)
  - UNCTAD or the United Nations Conference on Trade and Development is an organization founded in 1964. The organization is intergovernmental, in which it deals with countries throughout the UN. The primary focus of UNCTAD is to establish efficient means to trade, and formulate policies which benefit trade and development.
- Cotonou Agreement (2000)
  - The Cotonou Agreement was an agreement between the European Union, multiple African Countries, and multiple Caribbean and Pacific Group countries. The agreement was signed in 2000. The agreement was set out regarding cooperation between multiple countries in order to benefit the development of each country.
- United Nations Industrial Development Organization (1966)
  - The United Nations Industrial Development Organization or UNIDO is an organization that specializes in industrial development. It is a special branch of the UN, and its goal is to connect countries in order for a collaborative development process.
- World Trade Organization (1995)
  - The World Trade Organization or WTO is an intergovernmental organization that focuses on international trade. The organization works to set out rules regarding international trade. The organization also creates a forum in order to discuss World Trade, resolves trade disputes, helps in economic management and helps LEDCs to benefit from trade.
- Trans Pacific Partnership (2016)
  - The Trans Pacific Partnership was a treaty signed in 2016, and is no longer in action. The treaty is inactive as the United States resigned from the contract in January of 2017. There was however a new proposed treaty which is still active named the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. The treaty consisted of 30 chapters and topics such as but not limited to: tariff laws, intellectual property, e-commerce rules and more.
- General Assembly Resolution 57/273 (2002)
  - This was a General Assembly Resolution passed in 2002. The resolution discussed financing for international development. This resolution passed “without a vote” (through consensus).
- Millenium Development Goal (2000)
  - The MDGs or Millennium Development Goals, were goals set out for 2015. They concerned multiple sectors, including eradicating poverty, hunger and etc.
- Sustainable Development Goals (2015)

- The SDGs or Sustainable Development Goals were the successors of the MDGs and were introduced in 2015. These goals are set out for 2030 and again hope to eradicate poverty, hunger and many more.

## Possible Solutions

- **Opening MEDCs “doors” and creating non quota and non-customs taxes laws**
  - Creating non quota and non-custom taxes laws in MEDCs will help create a more efficient export pathway for LEDCs, and in that will help facilitate the economic cooperation, and trade process.
- **Help financially aid LEDCs in order to help them build the required infrastructure to facilitate trade.**
  - Financial aiding LEDCs will help build infrastructure in order for LEDCs to be able to properly extract resources and export them out. Infrastructural support can also help set up the sustainability aspect of economic development.
- **Set out further legislation regarding trade liberalization, in order to help LEDCs develop their export economies**
  - Trade liberalization legislation is important as it reduces barriers for international trade, and hence increases the efficiency of trading, and this in turn helps in a quicker, cheaper, and easier development of both economies.
- **MEDCs should create programs which assist LEDCs via methods such as but not limited to: capacity building, training, education processes, helping them enhance their legal system and creating a better business environment**
  - This is as MEDCs come with experienced personnel and these personnel can help set up LEDCs, and educate people in aspects required for international trade.
- **Set out legislation which assists LEDCs in accessing new technology (regarding patent laws and intellectual property)**
  - Accessing newer technology is very difficult due to intellectual property, and patent laws. Therefore making these laws more lenient, will help build infrastructure for LEDCs and in the long term return back to the MEDCs.
- **Help LEDCs make trade a higher priority.**
  - Trade regulates how the whole country works, as it is one of the largest portions of the country’s economy. Furthermore, imports and exports supply a very large percentage of a country’s income. Henceforth, making trade a higher priority allows countries to get the finances needed to build infrastructure for different sectors.
- **Create an environment where trade is easier**



- Creating alliances, and joining organizations helps create environments that are suitable for trade, and encourage trade. This is as being part of a trade bloc agreement helps in creating an efficient path for trade, and allows countries to skip over tariff and quota laws.

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## Appendix or Appendices

1. <https://www.weforum.org/agenda/2016/05/4-ways-the-world-s-least-developed-countries-can-improve-trade/> (World Economic Forum Article) – This article is really helpful in getting a basic idea of the advantages of trade.
2. [https://trade.ec.europa.eu/doclib/docs/2016/september/tradoc\\_154961.pdf](https://trade.ec.europa.eu/doclib/docs/2016/september/tradoc_154961.pdf) (Document from the European Union) - This document is really helpful to see what the EU is doing currently to encourage economic cooperation
3. <https://undocs.org/en/A/RES/57/273> (General Assembly Resolution) - This is an extremely important resource to see what resolutions have been passed and how you can adapt from these ideas.