The oikos Model WTO 2011: The Real Trade Simulation

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Introduction

Every year, a group of 50 students from universities in Europe and around the world come together for a week-long simulation of the World Trade Organization (WTO). The simulation is directed by Oikos international, an international student organization with chapters on all continents. It is an opportunity to get to know the inner workings of the WTO, meet high-ranking officials at the organization and hear about their experiences, visit the WTO headquarters and spend a week in Switzerland, between the picturesque settings of St. Gallen University and the always amazing and surprising views from the banks of Lake Geneva.

But the most important opportunity provided by the simulation is interacting with talented and driven students from different universities and honing presentation, negotiations and leadership skills. Negotiations occur on a given topic each year (in 2011 the simulation looked at climate change and renewable technologies). Participants are divided by countries and delegations, trying to negotiate the best possible agreement for their country, while facing the constraints of their positions, and reconciling other committees and delegations. It is a great exercise not only in the inner workings of the WTO, but also in the art of negotiation, personal interaction and business, political science and sociology. And, above all, the opportunity to work alongside bright young individuals for a week, some of which may in the future lead their country delegations to the WTO or other international organizations, is indeed a treat. Participants try to reach a compromise, think outside the box and come up with new and innovative approaches. At the end of the simulation, they propose new solutions that may not be acceptable given today’s political constraints, but that all agree would be a good idea for the world in the future. This interaction between future leaders is desirable and encouraged.

The 2011 Model WTO simulation, despite some serious shortcomings from an organizational and logistics point of view, achieved its goal of creating interactions and friendships among students from multiple countries and different backgrounds. It succeeded in providing participants a flavor of the WTO and exposing them to senior WTO officials and academics discussing the future of the organization. This report will first present a short history and description of the WTO, and then recount the experiences of the simulation and the results of the exercise, drawing lessons for the future.

Overview of the WTO

The foundations of the World Trade Organization (WTO) were laid during the closing phase of World War II. The question how to organize the postwar world economic system was addressed in Bretton Woods in 1944. Among the outcomes of this meeting was the establishment of the International Monetary Fund (IMF), the World Bank and the system of fixed exchange rates, with the US-Dollar being fixed to gold (until 1971). The idea to organize international trade and to lower tariffs was also discussed but did not occur until 1948 as the General Agreement on Tariffs and Trade (GATT). The GATT was further changed during several rounds of negotiations. These rounds lasted longer each subsequent time due to a continually rising number of member states and higher
heterogeneity among these states. In 1995, as a result of the Uruguay round, the WTO was founded and headquartered in Geneva, Switzerland. The success of the WTO cannot be ignored: of the world’s 193 UN member states 153 countries have joined the WTO and another 30 are observers, meaning that most of the world participates in some kind of negotiations, agreements and action on international trade.

The most important parts of the WTO are its three pillars:

1. **GATT** (General Agreement on Trade and Tariffs)
2. **GATS** (General Agreement on Trade in Services)
3. **TRIPS** (Trade Related Aspects of Intellectual Property Rights)

The greatest impact of these three still lies within the GATT. There are two major reasons for this. Not only has the GATT had enough time to be developed and to prove its worth to the member countries but more importantly is trade in goods still far more important than trade in services. For example the export of commercial services of the European Union only makes up 23.5% of the total combined exports of goods and commercial services. While this helps to compare the importance of the GATT towards the GATS (General Agreement on Trade in Services) it is much more difficult to judge and compare the importance of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). While the WTO is the most important international institution concerning the organization of trade in goods and in services this cannot be said as definitively for intellectual property rights. Several other institutions like the World Intellectual Property Organization (WIPO) or others have a big influence as well. This being said, the TRIPS is still an important part of the WTO and cannot be ignored.

**2011 Simulation Report and Lessons Learned**

The oikos Model WTO simulation was held in St. Gallen/Geneva from April 17 to April 21, 2011. It aims to bring together bright minds from across the globe (undergraduate and graduate students) in a five-day simulation that challenges participants to think of creative solutions to current world problems in the context of the political, economic, diplomatic and social constraints of the international arena. The process is complicated by the several committees, country interactions, alliances and other variables that need to be taken into account.

This year, there were 50 participants from all six continents, selected from over 150 applicants worldwide, from both undergraduate and graduate programs at top universities. Countries from the EU (Switzerland, Germany, France, Spain, Romania, Czech Republic, Slovakia, Sweden, etc.) to the United States and from Australia to Nigeria and Ghana were represented. Three Fletcher students were selected to attend, and were all assigned to the same delegation, on different committees. The model only focused on 10 countries (US, EU, China, Brazil, South Africa, Nigeria, Vietnam, Costa Rica, Saudi Arabia and India) and five committees. The issue at hand was promoting clean technologies and bridging the gap between the WTO and the UNFCCC (Kyoto), given the imperative for action with regards to climate change. We attempted to come up with creative solutions that can be implemented at a global level in the WTO to allow countries to adopt and promote clean technologies for our planet.
We held country meetings, selected a head delegate and designed a strategy for the country. Each country delegation was composed of 5 members, who were each assigned to different committees for the negotiations. One of the shortcomings of the program was that participants were not provided with directed instructions for negotiations for their particular countries and committees. While frustrating at first, this decision by the organizers allowed everyone to do their own research, come up with a country position and a target for each committee, and negotiate based on those findings, which simulates the real-world situation of asymmetric information.

I was the head delegate for South Africa (a country I knew little about with regards to its position in the WTO and on subsidies) in the simulation, and was the negotiator for my country in the Subsidies and Countervailing Measures Committee. During several rounds of negotiation, we argued about the right policy on subsidies generally, and subsidies for clean technologies in particular. We formed alliances and we negotiated text and agreements and argued incessantly on everything from language in the text to major issues like climate change and renewable technologies. Since participants had different backgrounds, the discussions were lively and much was gained. It was a successful week, packed with countless hours of negotiations, seminars, talks and country meetings to decide the course to take in the various committees.

In the evenings we attended conferences with academics and WTO officials, presenting the current state of the WTO, the structure of the organization and its operations, the challenges in developing new agreements in the Doha Round and the problems with implementing new and innovative solutions based on the bureaucracy in existence. We were also allowed to visit the WTO and the negotiation chambers, as well as the UN on guided tours.

Our committee arrived at a final declaration which I presented to the whole group and to WTO senior officials that were in attendance. As country leaders, we voted on the agreements and were able to adopt all but one of the negotiated texts, receiving good feedback from the WTO officials and academics present.

What did I gain from the week in Switzerland? First, I had the privilege to interact with 50 other students from top universities around the world, who brought different perspectives on the issues at hand not only from their education, but their culture, convictions and country positions. Most participants were asked to represent their home country (India, China, Brazil), but others, like myself, were given the opportunity to represent a different country. While at times I was tempted to oppose some measures given that I was thinking from the US perspective, I realized the agreement was in South Africa’s interest, so I held back. This in itself was great training, because in a negotiation, it is important to remember whose agent one is, and not his/her personal convictions.

Second, I was able to gain great exposure to Swiss culture, and the education system there. St. Gallen is a prestigious university and I had heard a lot about, but having the chance to see it and interact with students there was indeed a treat. It’s a different system than the one I was educated in (Romania and US) and I think having a chance to experience a different system is beneficial and should be attempted by anyone.
Third, I was a representative of my school. I am extremely fortunate to now be a MALD from the Fletcher School at Tufts and a member of the Fletcher community worldwide, and being a head negotiator in my group, presenting our findings and generally acting as an ambassador for the school allowed me to show my appreciation for the education I was fortunate to receive and to share my experiences with students around the world, exchanging experience, comments and beliefs. I hope I did well on that front.

Overall, the simulation was a success, and the events we participated in (panel with WTO experts, visit to the WTO, visit to the UN, Swiss traditional meals, social events allowing us meeting all the participants, organizers and others in the St. Gallen family) made the week exhausting, but extremely enjoyable. I also appreciated the hospitality of our gracious hosts that put us up for the duration of the program.

What can be taken away from this week? WTO and all international organizations are complex machines, very bureaucratic and very hard to change. While some of the solutions we came up with were creative, it is hard to implement them in the current system. Becoming part of this machine is always a challenge, given that as young graduate students we aim to change the world and it appears that the idealism dies quickly once you join into the real world and face the constraints of entrenched political and economic status-quo. However, that should not discourage us. There were extremely interesting, smart and driven people at this simulation. They came from all walks of life, and, while we didn’t always agree on the outcomes and the details, I think we all want a better world to live in. And that’s encouraging. I am optimistic about the future, not only for Romania and the US, but given what I have seen this week, for international organizations and the world.

References


World Trade Organization. Available at: http://www.wto.org/english/thewto_e/thewto_e.htm