MUNTCP

World Trade Organization

Topic B: Impact of Preference Erosion in Developing Countries as an Obstacle to Multilateral Trade Liberalization

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Introduction to the Committee

"The World Trade Organization (WTO) is a worldwide organization that facilitates trade between nations by establishing international rules and agreements while also helping developing countries establish their trade capacity" (WTO, 2022). Since 2016 this committee has been made up of 164 Member States.

Introduction

Alexandraki & Lankes (2004) explains that:

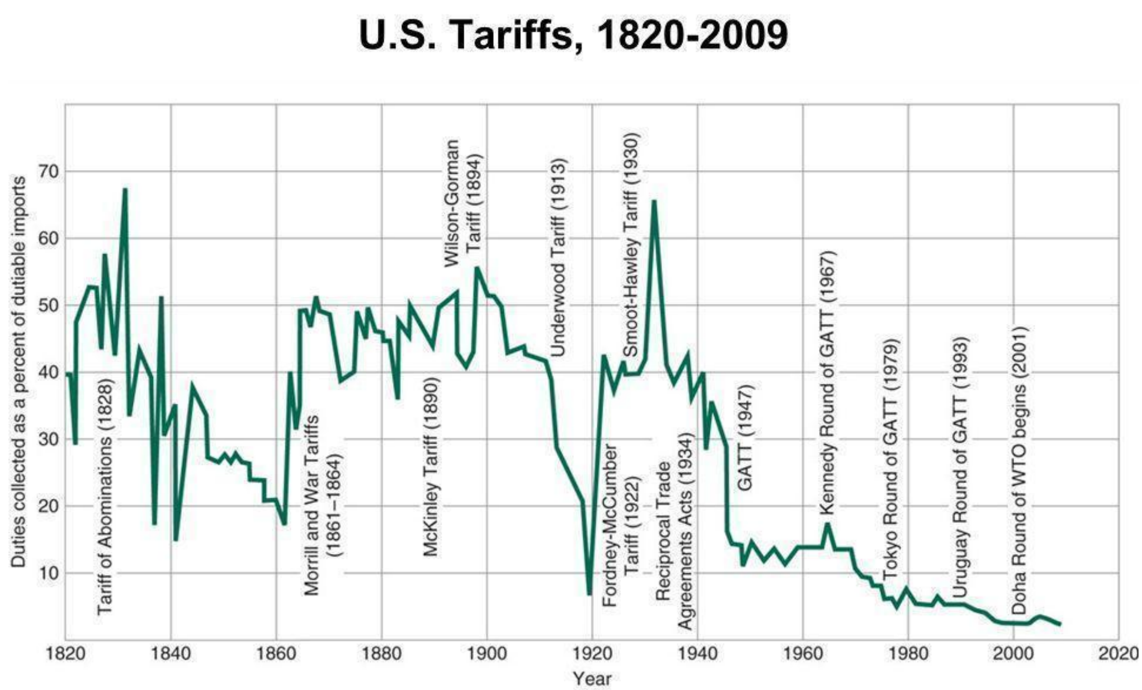
> Preference erosion refers to declines in some exporters' competitive advantage in foreign markets due to preferential trade treatment. Preference erosion can occur when export partners eliminate preferences, expand the number of preference beneficiaries, or lower their most-favored-nation (MFN) tariff without lowering preferential tariffs proportionately (p. 3).

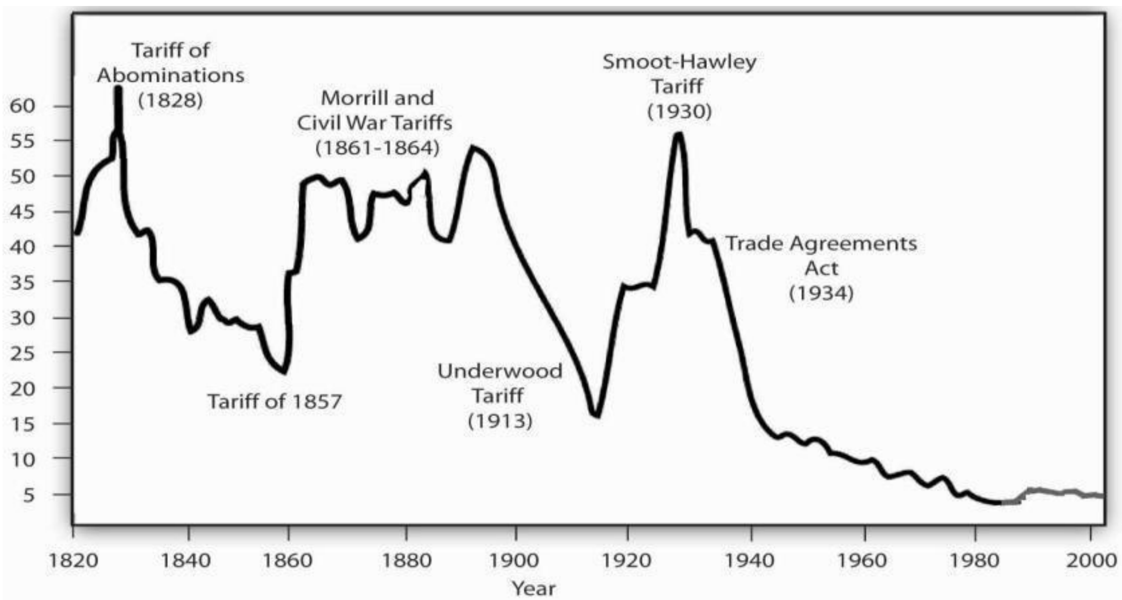
Although preference erosion does not represent a big problem in all countries since many of them benefit because of the preference, countries with small economies dependent on exportations will undoubtedly be affected if they do not manage their economies properly to foment new inversions.

Multilateral trade liberalization removes restrictions or barriers to free exchanges between nations. These barriers include duties and surcharges such as licensing rules and quotes. Fewer trade barriers reduce the cost of goods sold in importing countries and help create more robust economies.

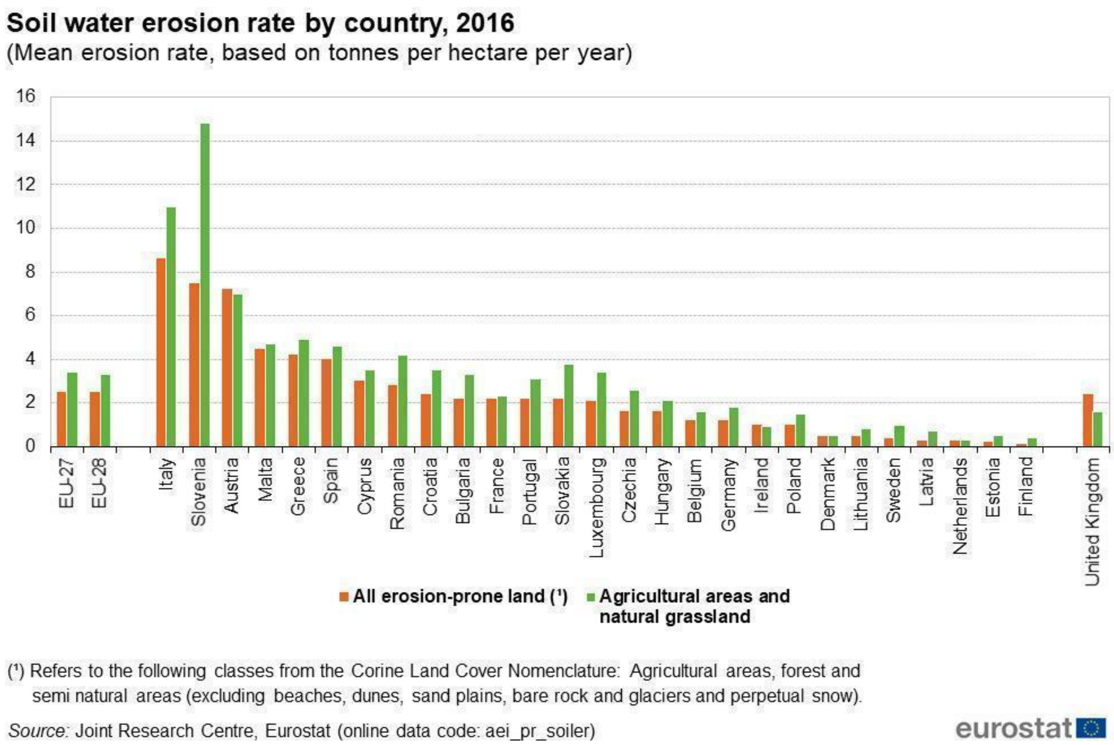
The erosion of trade preferences may become a stumbling block for multilateral trade liberalization. “An analysis of actual commercial preferences shows underused preferences for administrative burden estimates can be equivalent to an average of 4% of the values in trade” (World Bank Group, n.d).

Trade liberalization can benefit small countries because it makes markets and trades much more open and gives people more opportunities to have a better quality of life. Having high standards in their preferences will help to boost their economy.





Changes in global tariffs:1820-1980 (McGrawhill Companies, 2011)



Soil water erosion by country. (Eurostat, 2016)

Historical Background

American parts are opened to foreign trade (1776). By 1776, America was in the process of independence, in which the regulation of America's foreign trade was of great importance in its development during those critical times for the nation. Also, most overseas trade between States was possible by sea lanes and the Atlantic seaboard. The Articles of Confederation allowed each State to be free to decide tariffs, and create regulations, for use with neighboring states that used their ports and waterways for interstate or foreign commerce.

Between the 17th and 18th centuries, the colonists paid for importing manufactured goods from the United Kingdom by exporting cash crops, such as rice and tobacco, and great local agricultural products, like wood and fish. Then, in early 1776, the Second Continental Congress discussed what to do next. Furthermore, by April 6, 1776, Congress declared to the United Kingdom that the colonies were no longer subject to British trade restrictions and that United States ports were open to trading with all nations but the United Kingdom (Douglas, 2017).

Pope Pius VII ordered some liberalization of trade (1801). The British trading system regulated work in colonial America through the Trade and Navigation Acts of XVII. Even though economic arguments against free trade challenge economic theories' assumptions and results. “Political stability, national security, human rights, and environmental protection are socio-political arguments opposing free trade that do not consider economic reasons.” Some items are critical to national security. Governments may consider it risky to allow home producers to go bankrupt, especially if they may otherwise become reliant on producers in a country that could become an adversary (pustikom, 2022).

In March 1801, Pope Pius VII ordered the liberation of the trade with Motu proprio le piú colte to contain the economic crisis in the Papal States. This document was for the freedom of production and trade of flour, corn, and other grains. With this agreement came an economic assembly that saw free trade, agriculture, manufacturing, and the laws that made up the public economy and had to be previously consulted in the assembly. However, the export of domestic corn was ruled out to guarantee the Papal States’ food.

Many anti-globalization organizations rejected free trade agreements because they considered that they would not improve the economic freedom of developing countries or the working class in general and often made them more underdeveloped (pustikom, 2022).

China's five treat parts (1843). The Treaty of Nanking gave Britain possession of Hong Kong Island. It mandated the opening of five ports for foreign trade: Canton (Guangzhou), Amoy (Xiamen), Foochow (Fuzhou), Ningpo (Ningbo), and Shanghai. These settlements became known as Treaty Ports, and they were the first of a growing number that spread across the country (Bracken, 2018).

The Western powers persuaded China to open up to trade in the 19th century. These powers, led by the British, fought two armed conflicts to ensure that they could import their products. Between 1839 and 1842, the first armed Opium conflict took place. (Opium is a highly addictive narcotic that is extracted from the Papaver somniferum plant, it was used as a medicine and for personal interest.) These conflicts led to a succession of agreements, starting with the Treaty of Nanking, signed with the British on August 29, 1842, ending the first armed Opium conflict (Bracken, 2018). (DEA, n.d).

Corn British Laws (1846). The Corn Laws were tariffs and restrictions applied in the United Kingdom between 1815 and 1846. These laws raised the price of corn and barley, maize, wheat, and all other grains. Furthermore, it was intended to protect British farmers from cheap grain imports from foreign countries. It was a direct reaction to the Napoleonic wars. Britain's blockade of continental Europe meant higher profits for their farms, and farmers wanted to maintain this higher profit margin (Cove editions, n.d).

Even though affluent landowners made up only 3% of the population then, they held exclusive voting privileges. As a result, the Corn Laws harmed the working people while benefiting the wealthy elite. Because the wealthy in Parliament had long neglected the plight of the working class, these prohibitions had been in place long before Britain embraced a free-trade strategy (Cove editions, n.d).

Britain and France Cobden-Chevalier treaty (1860). The Cobden-Chevalier Treaty, signed in 1860 between Britain and France, was the most famous of these agreements. This pact has been dubbed the "starting point" of a "free trade disease" that spread to the European continent and resulted in a "swift break with centuries of protection" (NBER, 2019).

In 1860, Great Britain and France were the world's largest exporters. France mainly banned the import of wool and cotton fabrics. Fearing being overtaken by the British, they would gain market share at the expense of domestic manufacturers. However, the prediction of catastrophe did not come true. French manufacturers improved their businesses, diversified their export bases, and differentiated their product lines with the support of coordinated government funding. The pattern of intra-industry trade was adjusted, allowing for a smooth adjustment to the new business environment. "Instead of losing market share to the United Kingdom and becoming a net importer, France maintained overall sales despite increased imports," the researchers conclude. A significant and destructive redistribution of labor and resources (NBER, 2019).

Openness in trade (1920).- The 1920s was a period of economic growth. Real wages for most workers rose while stock prices advanced as much as they had in the 1920s. The 1920s was also characterized by a uniquely modern culture that celebrated the fast pace of cosmopolitan life (Saylordotorg, n.d). The most visible indication of the financial crisis occurred in October 1929, when the average value of all publicly traded American corporations dropped by about 40%. This decrease alone brought most stocks back to their mid-1920s levels, but the stock market crash of 1929 was not an accident. Hundreds of millions of shares were bought with borrowed funds, and only those shares served as collateral. When the stock prices collapsed, the loan could not be repaid. “Thousands of banks failed, and millions of depositors lost their money” (Saylordotorg, n.d).

World War I Openness to free trade (1945). The United States had negotiated agreements with twenty-eight countries by 1945, when the Reciprocal Trade Agreement Act (RTAA) was renewed.

> This agreement was primarily for trade deals that established reciprocal treatment, which meant that if the United States decreased its duties, the other country would do the same. Under the Reciprocal Trade Agreements Act, the president was allowed to reduce tariffs by a percent if the other country did the same. (ITA, n.d).

The duty reductions were not significant due to the policy of lowering the United States tariffs solely on products where the partner was the primary supplier. The United States Tariff Commission determined that the average American tax only decreased from 46.7 percent to 40.7 percent for the first thirteen country agreements (wilsoncenter, n.d), (ITA, n.d).

Furthermore, in World War II, President Harry Truman used the RTAA to negotiate the first multilateral trade round following WWII, the Geneva Round, which was signed in 1947 between the United States and twenty-two other countries and slashed tariffs on a wide range of products. The Geneva Round's outcomes were then incorporated into the freshly written General Agreement on Tariffs and Trade (GATT) (wilsoncenter, n.d).

For example, Great Britain was deprived of two-thirds of its export trade after the armed conflict of 1945. Thus, they had nothing to export and nothing to pay. In addition, the United States loan agreement needed to be free to exchange pounds. India's independence marked the retreat of the empire and forced it to adapt to new trade networks (PBS, n.d).

Post World War II. The United States of America established the General Agreement on tariffs and the World Trade Organization (WTO). In the same way, on October 30, 1947, the General Agreement on Tariffs and Trade (GATT) was signed by 23 nations at the Palais des Nations in Geneva. The GATT was designed to execute the International Trade Organization's (ITO) trade policy rules as a stopgap mechanism (Contracting parties that apply the Agreement provisionally are not required to amend existing legislation or promulgate new legislation in order to adhere more closely to the Agreement). In November, delegations from 56 countries gathered in Havana and Cuba to examine the ITO project. “In March 1948, 53 countries signed the Final Act validating the wording of the Havana Charter after long and complex discussions”. However, nations refused to ratify it, and the ITO died a natural death, leaving GATT as the only international trade regulation instrument (WTO, n.d).

Members of the Commission resolved to negotiate customs concessions among themselves in parallel with this mission. Between April and October 1947, the participants concluded around 123 negotiations and produced 20 tariff reductions and binding schedules that would eventually become part of the GATT. These schedules were derived from the first round and comprised 45,000 tariff concessions and a negotiated volume of $10 billion (WTO, n.d).

Slight slowdown during the 1973 oil crisis. The trend toward liberalization continued into the 21st century, and there is little evidence that political scientists and critics have recently called it a "reform malaise." Events were unfolding simultaneously that distinguished between the post-World War II and pre-World War II. One was the widespread integration of the world economy in the 1950s, the formation of a liberalized trading system, and institutional expansion beyond the developed countries (WTO, 2009).

The Organization of Arab Petroleum Exporting Countries (OAPEC) declared its presence in the United States on October 19, 1973. President Nixon petitioned

Congress for $2.2 billion in emergency aid for Israel in the Fourth Middle East War. “We put Israel under an oil embargo” (Reich, 1995). The embargo has put a halt to the United States’ oil imports from OAPEC members and triggered a series of production cuts that have impacted global oil prices. Oil prices virtually doubled from $2.90 per barrel prior to the embargo to $11.65 per barrel by January 1974. Due to differences within OAPEC about how long the sanction should stay, the embargo was officially lifted in March 1974. On the other hand, crude oil prices continued to grow (Federal Reserve History, n.d).

Many causes contributed to the 1973 oil crisis and subsequent inflation, resulting in a total economic storm. The 1973 oil embargo caused the United States authorities to overestimate Mexico's potential, and underestimating their role was only one component in the rampant inflation of the 1970s (Federal Reserve History, n.d).

North American free trade agreement is established (1990’s). The North American Free Trade Agreement (NAFTA) encouraged trade among the United States, Canada, and Mexico. The agreement between the three countries to eliminate most trade tariffs entered into force on January 1, 1994. Many tariffs were gradually abolished between January 1, 1994, and January 1, 2008, mainly on agricultural items, textiles, and vehicles (Kenton, 2021).

The other two laws were meant to complement the NAFTA rules. The North American Agreement on Environmental Cooperation (NAAEC) and the North American Agreement on Labor Cooperation (NAALC) are two agreements between North American countries (NAALC). These tangential interactions should prevent businesses from shifting to other nations, searching for lower wages, more tolerant worker health and safety standards, and more flexible environmental regulations (Kenton, 2021).

Trade between the United States and Mexico and between the United States and Canada accounted for most of the rise, while trade between Mexico and

Canada also climbed. Between 1993 and 2015, total trilateral trade increased by 258.5 percent to $1.0 trillion (125.2 percent adjusted for inflation). Real domestic real gross domestic product (GDP) per capita increased modestly, in all the countries, particularly in Canada and the United States, in the years following 1900 (Kenton, 2021).

The European association of commerce is established (2001). The European Commission supported the message "Provision of Services" in April 1997. It introduced the "European Effort for Electronic Commerce," a well-known initiative that was focused on the purchase and sale of products over long or short distances, which wouldn't have to be physical, allowing companies to implement electronic transmission of financial information, invoices, and transactions. The campaign began with a well-known and robust declaration of intent. (Lodder, 2017).

In 2001, the information about trade and the development of e-commerce in society offered major job prospects for the community, particularly in small and medium-sized businesses, and motivated some European firms to engage in economic growth and innovation. Furthermore, having a universal Internet connection can boost the European industry's competitiveness (Eur-Lex, n.d).

The Quad trade negotiation (2004). The Quad, officially known as the Japan-US-Australia-India Strategic Dialogue, is a group of four countries: the United States, Australia, India, and Japan. Following the 2004 Indian Ocean tsunami, the two countries initiated maritime cooperation, but today all democracies and vibrant economies are much more active in security, economic, and health challenges. “We are working on a variety of agenda issues right now.” (Smith, 2021). According to official materials, it is an informal strategic forum with twice-yearly summits, intelligence sharing, and military exercises. Many regard it as a potential deterrent to China's dominance and pervasive aggression in Asia, although it is not a natural military alliance like the North Atlantic Treaty Organization (Brewer, 2021).

Current Relevance

The erosion of trade preferences has an ongoing impact in how it destabilizes and creates gaps in many countries' import and export activities. Imposing certain tariff conditions on specific products and countries alters the trade competitiveness between nations. Inflicting changes not stipulated in the tariff policies of a particular territory affects the law of supply and demand in international trade. It favors the generation of preferential import products in developed countries, leaving aside imports from other countries that did not benefit from this erosion of preferences. The problems for developing countries come when they cannot quickly adapt to these sudden changes in international markets and cannot generate effective economic policies to respond to change. This can be caused by the unavailability of physical and human capital, lack of infrastructure, and instability in financial and political institutions.

The Organization for Economic Co-operation and Development (OECD). It is an international organization that has been a great ally in the detection, regulation, and creation of global policies to solve various environmental, social and economic conflicts. In the case of preference erosion, the OECD has developed several analyses on the causes and effects of this global conflict and carried out simulations to determine the economic impact of particular policies on this problem that hinders international trade. It also collaborates by providing information and strategies for implementing policies that benefit developing countries and provides mechanisms to improve the condition of economic competition in the world. The results of these investigations can be seen in reports, such as the 2005 report "Trade Preference Erosion," which analyzes the condition of different nations around the world regarding this problem, how the economies of each nation influence its impact, and also how a change and liberalization of economic policies and tariff regimes could benefit or negatively affect one country or another. (OECD, 2022)

The Doha Round. In terms of trade negotiations, since 2001, the World Trade Organization (WTO) has been promoting negotiations among its members through the Doha Round, a series of mediations that aim to "achieve major reform of the international trading system through the introduction of lower trade barriers and revised trade rules" (WTO, 2015). The negotiations in the Doha Round are made in the Trade Negotiations Committee and discuss and implement strategies and policies to attend to the current problems. An example of the previously mentioned negotiation occurred on November 2, 2010. In these negotiations, and through the agreements reached in the Doha round, an estimated 100 to 200 million dollars were added to the world economy in the form of savings in trade exchanges and the reduction of irregular tariff measures.

The erosion of preferences has a wide range of consequences for developing countries. It inhibits them from freely engaging in international trade activities and makes them vulnerable to the actual economic repercussions of this problem due to several factors. Among these is dependent on exports subject to preferences and the strength of the economic environment of developing countries (as it determines the profits they will receive for their products), among others.

Preference Erosion: Impact on Exports of Bangladesh. According to Katerina Alexandraki in her report "The Impact of Preference Erosion on Middle-Income Developing Countries," trade preferences in middle-income countries add up to a quarter more value to exports. It explains the importance of sugar and bananas in six middle-income countries: Mauritius, St. Lucia, Belize, St. Kitts, and Nevis, Guyana, and Fiji.

Together, these products account for three-quarters of the value of preferences received by the largest beneficiary countries. Textiles and clothing are only third, and other products account for only three-quarters of the importance of preferences received by the largest beneficiary countries, third place, and the other products represent, on average, minimal proportions (Alexandraki, K. 2004).

Quota-free and duty-free access to the US market. Due to the high tariffs in the US market, many developing countries lost the possibility of having an advantage over the US market. In 1996, Singapore made a declaration to help solve the problem. "The 1996 Singapore Ministerial Declaration refocused the attention of the trading community on the idea of unilateral preferences by launching the initiative of special trade preferences for LDCs, including provisions for taking positive measures, for example duty-free access on an autonomous basis" (UNCTAD, ND). In response to the proposal of Singapore being declared, the organ launched many other proposals against the issue. Even if the initiatives were declared, the ONU felt that the effect was not enough. Furthermore, the Hong Kong ministerial relaunched a quota-free and duty-free proposal with conditions providing duty and quota-free access on a lasting basis, "Developing-country Members shall be permitted to phase in their commitments and shall enjoy appropriate flexibility in coverage", "Ensure that preferential rules of origin applicable to imports from LDCs are transparent and simple and contribute to facilitating market access" (UNCTAD, ND).

The China-United States tariff conflict 2018. Since the first days of the year 2018, the world's two biggest economies, the United States and the People's Republic of China, have been in a relevant conflict, the effects of which continue to this day. Since January 22 of the mentioned year, two nations' leaders have begun establishing policies and special tariffs on various products like solar panels, aluminum, wine, and pork. All of them increase the level of competitiveness and efficiency of the national companies. These changes and sudden modifications to these trade tariffs and commercial agreements caused many variations in the global markets and affected smaller producers and traders (NY Times, 2018).

Consequences as a result of attempting to end this issue. The effects of attempting to end this issue benefits all those countries that do not have significant economic or political stability and are slow to adapt and react to changes in international trade policies due to a lack of resources of all kinds. The establishment of fixed, non-variable tariff policies and tariffs would not affect developed countries significantly since their import, export, and financial health policies are sufficiently stable not to depend on sporadic variations in international trade tariffs. The struggle for multilateral trade liberalization has created international financial facilities such as the Trade Integration Mechanism in 2004 by the International Monetary Fund. This organization is responsible for providing supplementary guarantees to nations experiencing trade liberalization pressures implemented in other countries that carry out economic activities related to the affected country. (FMI, 2001)

Nowadays, progress can already be found in the solutions to this problem. Listed below are two cases of developing countries that, according to a report of the United Nations Trade and Development Board, through the promotion of other economic activities and industries, have ceased to depend on imports of those products affected by preference erosion.

In Ethiopia, since 2005, air transport has become the primary source of export earnings, while the influence of the coffee industry went from representing 39% of foreign exchange earnings to only 21%. On the other hand, in Nepal, the garment industry, which had been affected by preference erosion since the beginning of the last century, has been overtaken by the tourism and transport industries, which now account for over a quarter of export earnings (Alexandraki. K, 2004).

Organisms and countries involved. The countries involved in the cause and development of this problem are ideally developed countries that find the opportunity and have the capacity to facilitate trade with other countries that produce material of interest to them. Thus, it can highlight the countries of the European Union, the United States of America, and Canada, among others, which have remarkable economic stability and significant influence in the regulatory organizations of global trade exchange. Similarly, developing countries that include numerous primary economic activities as the basis of their economy (the new globalizers), as the World Bank calls them, are the most affected by the problem and on which solutions are being focused (World Bank, 2022). As far as organizations are concerned, the World Trade Organization is the most dynamic in the United Nations. Other external international groups such as the International Monetary Fund, the World Bank, and the OECD are involved in solving the issue.

International Actions

Many international actions have been launched to promote closer trade exchanges between different countries and companies and stop the erosion of trade preferences and mitigate the adverse effects of these. The focus of international actions is diverse, targeting different continents and trade chains and possessing different operating methods. However, they all aim to create welfare and economic stability in global trade exchanges.

ALADI. "The Latin American Integration Association (ALADI), is a non-profit organization that promotes regional integration to assure the region's economic and social progress. Its ultimate goal is to create a Latin American market that is open to each member". This organization continued as a new version of the ALALC. ALALC was created in 1960 when the treaties were mainly with the United States and Europe. "It had the initial objective of creating a free trade zone, with a view to projecting it in the long term into a regional common market". It is an intergovernmental organization that promotes regional integration to secure the region's economic and social progress. Its main goal is to create a Latin American market open to all countries involved (ALADI, n.d). ALADI's key goals are to lower and eventually eliminate barriers to mutual commerce between member states, modernize the Latin American integration process, develop mechanisms that can be adapted to the region's realites, and develop an economy with a long-term purpose (ALADI, n.d).

Care Trade international.- On the other hand, Care Trade international is an organization created in 1945 that works in Africa to "Deliver the global market" to African countries. Care Trade International works as a provider of information and assistance to African government agencies to acquire resources from the European Union. It also works as an intermediary between NGOs, government agencies, wholesalers, and retailers, to create more fair conditions of trade between all these organisms and take cost-effective projects and products to the African Continent. Following this operation mode, Care Trade International has collaborated in the construction of roads, railways and hospitals since the formal start of their projects in 2016 (Care Trade International, 2022).

Consumers International. Some organizations ensure the well-being of consumers around the world. Consumers are a segment of the trade line often unprotected by reforms and policies aligned to them. Hence, organizations such as *Consumers International* created in 1960 offers to be the voice of consumers in more than 100 countries worldwide, which are affected by sudden changes in the global market made by governments and big corporations. Consumers International has launched several programs and forums since their foundation in 1960 to promote consumer rights, sustainable consumption, and consumer empowerment, many of these initiatives have reached considerable impacts, being the Consumers Information program a good example, this initiative launched in 2020, was presented to the UN General Assembly in the year 2021. (Consumers International, 2017).

World Wild Fund for Nature (WWF). The World Wild Fund for Nature was created in 1961, with the intention to protect and to deal with the illegal and unsustainable wildlife treaties, which is a significant danger to several species worldwide. These treaties provide for the international solution of different circumstances involving wildlife, such as international treaties with the intention to help or negotiate. WWF plays an active role in the fight over fraudulent transactions and promotes the long-term viability of legitimate transactions through its global organization, particularly TRAFFIC. The WWF and the Trade Records Analysis of Flora and Fauna in Commerce (TRAFFIC), have formed a long-term partnership to combat the poaching crisis and the enormous surge in organized wildlife crime, which endangers species' survival, national security, the rule of law, and long-term development (WWF, n.d.).

International Policy Network (IPN). The IPN was based in the city of London and created in 1971, after 40 years it was closed, its purpose was based on the concept of free trade and the infrastructure that supports it. These institutions have the resources to harness the human potential, which operates as a system and is an excellent approach to alleviating poverty and catastrophes worldwide. The IPN attempts to increase public awareness of these institutions' roles, particularly in international policy debates on the development, environment, trade, and accountability and health. It collaborates with organizations worldwide to build coalitions, generate policy resources, hold meetings, construct media and networks, and publish opinion editorials (IPN, 2001).

UN Actions

The United Nations has specific organizations responsible for managing international trade by supporting developing countries and improving trade infrastructure in the world.

World Trade Organization (WTO). The World Trade Organization (WTO) is the organization that establishes trade rules between countries. Its objective is to assist producers of goods and services, exporters, and importers. This organization is also responsible for establishing trade agreements and negotiations to resolve differences between trading countries and benefit developing countries.

World Customs Organization. “The World Customs Organization (WCO) was first established in 1952, is an intergovernmental organization to improve customs administration to allow legal international trade and illegal combat trade.” (OMC, 2022). To achieve its objective, this organization helps its members implement procedures to comply with customs laws and avoid crimes at the international level.

Organization for Economic Co-operation and Development. The Organization for Economic Co-operation and Development (OECD) is an organization in charge of designing policies to promote people’s prosperity, equality, and well-being. This organization works with other governments and citizens to create jobs, increase education and fight against tax evasion.

“The OECD has significantly contributed to strengthening the multilateral free trade system and sustainable economic growth through evidence-based analysis and quality standard setting” (Suga. n.d.).

UNCITRAL. “The United Nations Commission on International Trade Law (UNCITRAL), established in 1966 by the General Assembly. is the United Nations organ in charge of modernizing international commerce, elaborating agreements, norms, and laws to assist merchants.” (UNCITRAL, 2022).

UNCTAD. “The UN Conference on Trade and Development (UNCTAD) was established in 1964, for commerce-related affairs, inversions, and development. This organization supports developing countries, so they have access to a globalized economy, and helps them deal with potential drawbacks that may come with their economic integration.” (UNCTAD, 2015).

Mingst (2013) explains that:

Negotiations from this conference led to the Global System of Trade Preferences in 1988. This is an agreement that reduced tariffs and reduced nontariff trade barriers among certain developing countries. Also the Common Fund for Commodities was created in 1989, an intergovernmental financial institution that provides assistance to developing countries that are heavily dependent on commodity exports.

Points to Discuss

a. **<u>Context</u>**
   a. Discussion on causes of preference erosion
   b. Discussion on the violation of ethics and human rights due to the negative impact on small businesses or early growth companies
   c. Analysis and evaluation of the impact of non developing countries
   d. Analysis on the previous international actions that have been done to help the countries which have negative consequences due to this problem

b. **<u>Development</u>**
   a. Measures to help reduce the impact on small companies and countries that are not so benefited
      i. Implementation of plans for reducing the negative impacts for reducing the tariffs in specific location or an specific country
      ii. Analysis on how the developed countries can help to make the free trade liberalization a more effective and equitable trade
      iii. Ways of increasing the economy rates of under-developed countries
         a. Increase the profitability and short term trades of under-developed countries
         b. Increase the rate of exchange and developing a stronger economy

c. Balancing the benefits of the global trade, so that under-developed countries can take advantage of it

c. Reducing risk of international economic decrease and disagreement of under-developed countries

i. Developing plans in favor of the growth of countries that are stagnant in their current economy

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