

MUNAPAC'26

WTO Study Guide



World Trade
Organization

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1. Letter from the Secretary-General

Dear Participants of MUNAPAC'26,

My role as the Secretary-General grants me the distinct honor of contributing to a conference that embodies the principles of education, excellence, and collaboration. Engaging with a team of exceptionally dedicated and talented individuals, I am truly excited to help shape an event that reflects the very best of our community. Motivated by our shared vision, we strive to deliver an experience that captures the spirit and ambition of our club. Rooted in a strong tradition of Model United Nations excellence, this year's conference continues to build upon years of dedication and growth.

Every member of our academic and organizational teams has worked tirelessly to ensure that MUNAPAC'26 becomes an unforgettable experience. Not only do we aim to provide three remarkable days, but also to contribute meaningfully to your academic and personal growth. In this spirit, our conference offers a wide and dynamic range of committees designed to appeal to all styles of debate. Notably, this year we are proud to present 12 unique committees, each crafted with immense care and originality.

Among them are Historical GA1: DISEC where you can relieve the political tension of the breakup of a major state, GA4: SPECPOL which brings you an out-of-this-world debate experience; forming the backbone of our General Assembly and international governance discussions.

Moreover, our special committees consist of UNHRC in which you will be the voice of the unheard, Historical UNSC where the dust of the Middle East can be felt, Historical NATO and the desperate need for a reform, Parlamento Italiano with its unique Mediterranean atmosphere, World Trade Organization where global trade is in your hands, and the Worcester Convention where the fight for equality is born; all bringing diverse political perspectives to the table.

Keeping innovation and adrenaline at the core of our crisis committees; the Department of Homeland Security attempts to maintain public security, FCC: Small Council is challenged with the well-being of Westeros, FCC The Apocalypse of St. John plunges delegates into a world of prophecy and chaos, and JCC: Anglo-Soviet Invasion of Iran takes delegates back to WWII to relive the unjust nature of war.

On behalf of the APAC Model United Nations Team, I truly hope MUNAPAC'26 will be an unforgettable experience for each and every one of you, and eagerly anticipate welcoming you all to our conference this June.

Warm regards,
Saniyar Safari
Secretary-General, MUNAPAC'26

2. Letter from the Under-Secretary-General

Dear Delegates of the WTO,

First of all, I would like to welcome all of you to this year's MUNAPAC Conference. My name is Furkan Kazan, and I will be serving as your Under-Secretary-General throughout these three days.

During the preparation process for this committee, my academic assistant and I have worked with strong dedication to create an intense, dynamic, and enjoyable experience for you.

Because of this, I highly encourage all of you to read this study guide carefully and come prepared to face every unexpected situation you may encounter. I also recommend reading documents and watching documentaries regarding the agenda to understand your roles better.

If you have any questions regarding the committee, you may contact me via my e-mail address, kazanfurkan85@gmail.com. I wish you all the best, and I hope we will spend these three days in an exciting and unforgettable way.

Best Regards,
Under-Secretary-General
Furkan Kazan

3. Introduction To The Committee

The World Trade Organization (WTO) is an international organization that deals with the rules of trade between countries. It sets the rules, helps countries solve disagreements, and makes sure trade flows as smoothly as possible.

The WTO was created on January 1, 1995. Today, it has 166 member states, which together represent more than 98% of all world trade. The WTO is headquartered in Geneva, Switzerland.

The WTO has three main jobs:

1. It creates and manages trade agreements, the rules that countries agree to follow when buying and selling goods and services with each other.
2. It provides a place where countries can negotiate trade deals and talk about trade problems.
3. It runs a Dispute Settlement System, a court-like process where countries can resolve disagreements about trade rules.

Without the WTO, countries could set any trade rules they wanted. This could lead to trade wars, where countries keep raising taxes on each other's goods, which hurts everyone's economy.

The WTO works through several levels of meetings and bodies:

The Ministerial Conference is the highest decision-making body. It meets every two years and is attended by trade ministers from all member countries.

The General Council runs the WTO on a day-to-day basis between Ministerial Conferences. Various sub-councils and committees handle specific areas like goods, services, and intellectual property.

The WTO makes decisions by consensus, which means all member countries must agree no single country can be outvoted.

3.1. History Of WTO

To understand the WTO, we must first examine its predecessor, the General Agreement on Tariffs and Trade (GATT). Following World War II, global leaders gathered to reconstruct the international economy and prevent potential conflicts arising from trade disputes. In 1947, 23 nations signed the GATT in Geneva. This agreement reduced tariffs and established fundamental trade regulations. Although GATT helped with significant global trade expansion over 47 years, it had no permanent institution, weak enforcement, and did not cover services or intellectual property.

The Uruguay Round was a major series of trade negotiations that lasted eight years and involved 123 countries. It was called the 'Uruguay Round' because the negotiations began in Punta del Este, Uruguay in 1986.

It created new rules for agricultural trade, services, and intellectual property. Most importantly, it created the WTO as a permanent institution with real enforcement powers, replacing GATT.

On April 15, 1994, countries signed the Marrakesh Agreement in Morocco, officially establishing the WTO. The WTO began its work on January 1, 1995.

3.2. Major Events

The Banana Wars

The Banana Wars is probably one of the most heated disputes in the history of the WTO. The EU used to grant import quotas to bananas coming from its former colonies in the Caribbean through the Lomé Treaty, a colonial agreement that guaranteed those bananas access to the EU markets through reduced tariffs. The USA, along with Ecuador, Guatemala, Honduras, and Mexico, contested this system due to the fact that American corporations, such as Chiquita, cultivated bananas in their Latin-American colonies and could not export them to the European markets. In September 1997, a WTO panel concluded that the system of imports of bananas was in violation of the most-favored-nation principle. Despite the decision, the dispute lasted for many more years, with the US considering the possibility of imposing around \$500 million worth of sanctions on European goods before the matter was finally settled in 2001.

US Cotton Subsidies

This was possibly the biggest win that developing nations have ever had in the WTO. Brazil complained about large-scale subsidies being offered by the US government to farmers growing cotton in America. It argued that the subsidies reduced the cost of cotton worldwide and thereby prevented Brazilian and by implication, African farmers from competing on the market. This was a huge issue because some West African nations, such as Burkina Faso, Mali, Chad, and Benin, were highly dependent on exporting cotton and losing hundreds of millions due to price reduction through US farm subsidies.

The WTO found Brazil's complaint to be legitimate and ordered the US to correct its practice of subsidizing its cotton farmers in compliance with its obligations under trade law. When the US failed to make the correction within the given deadline, it granted Brazil the right not only to impose tariffs on certain products coming into the country but also to go against its intellectual property rights. Brazil now had the ability to copy American copyrights and patents, which was quite an unusual and powerful tool for a developing nation. In response, the US agreed to pay Brazil \$300 million per year.

The Battle of Seattle (1999)

The Third Ministerial Conference in Seattle, USA was supposed to launch a new round of trade talks. Instead, it ended in failure due to disagreements between rich and poor

countries, and massive street protests by people concerned about globalization's effects on workers and the environment.

China Joins the WTO (2001)

China's accession (joining) to the WTO in December 2001 was a historic moment. China agreed to open its markets and follow WTO rules. This changed global trade forever — China quickly became the world's largest exporter. Some countries celebrated the new business opportunities, while others worried about job losses as manufacturing moved to China.

The Doha Development Round (2001–present)

Launched in Doha, Qatar in 2001, this round of negotiations was supposed to especially help developing countries. However, it has never been fully completed due to disagreements between developed countries (like the USA and EU) and developing nations (like India and Brazil) over agricultural subsidies and other issues. It is sometimes called the 'forever round.'

The Appellate Body Crisis (2017–present)

The Appellate Body is the WTO's top court for trade disputes. In 2017, the United States under President Trump stopped approving new judges for this body. By 2019, the Appellate Body had fewer than the three judges needed to hear cases, effectively making it unable to function. This crisis has never been fully resolved and remains a major challenge for the WTO today.

WTO Slashes Trade Forecasts

As a direct consequence of the Trump tariffs dispute, the WTO made dramatic cuts to its global trade projections for 2025. Specifically, the WTO decreased its global merchandise trade growth forecast for 2026 from 2.5% to 1.8%, indicating that the full impact of the escalating tariffs will negatively affect business confidence, investments, and global supply chains even in subsequent years. As WTO Director-General Ngozi Okonjo-Iweala said, "Uncertainty is becoming one of the most disruptive forces affecting the global trading landscape today," which is a truly remarkable statement for an international body that believes predictability and adherence to the rules to be the key to prosperity. This forecast update is a political gesture as well, demonstrating the concern about the rate of breakdown of the rules-based order.

4. Introduction To The Agenda Item: Abuse of National Security Exceptions and the Fragmentation of the World Trade System

The premise of this issue can be found in Article XXI of the GATT, which is the 'essential security exception' of the WTO. First introduced in the 1947 General Agreement on Tariffs and Trade, this was incorporated into GATT 1994 with the creation of the WTO. Security exceptions also exist in other parts of the WTO agreement, such as in TRIPS and

GATS. The primary provision goes like this: Nothing in this Agreement shall be construed to prevent any Member from taking any action it considers necessary for the protection of its essential security interests. The term "it considers" is the heart of the problem, since it makes the rule self-applied; the Member State decides for itself what its security concerns are.

Traditionally, the Member States have avoided challenging security-related measures or claiming the security exception as a justification. The present conflicts mark a departure from the traditional restraint, raising questions about how far the security exception can be considered "self-judging."

It was not until recently that the security exceptions under the GATT attracted any real attention. Dispute settlement practice in the WTO concerning these exceptions is guided by a standard of review that focuses on the timing of the action, not the measures themselves

One major issue is that a number of countries are using Article XXI not in terms of genuine national security needs but as a justification for protectionist trade policies. An example is the use by the United States of the Article XXI clause that steel and aluminum tariffs are necessary to protect domestic industries which are important for national security. Also, the U.S. claims that the WTO has no jurisdiction over Section 232 actions because they relate to "essential security interests." A number of other countries at the WTO argue that the use of Article XXI would weaken the ability of the dispute settlement mechanism of the WTO to enforce the obligations under the WTO agreements. In 2022, two WTO panels found the Section 232 tariffs to violate trade rules and be incompatible with the exception provided under Article XXI. However, the Administration of President Biden has rejected the decisions of these panels because of the sovereignty of the Member over national security issues.

This extensive use of national security exceptions differs from earlier interpretations that were based on principles of good faith and proportionality, thus questioning the credibility of the multilateral trading system. The political economy of fragmentation in which tariffs escalate, particularly in security-sensitive industries, is an established feature of the trade policy, and this is a serious challenge to the credibility of the WTO. The postwar consensus behind multilateral and rule-based governance has shifted to the fragmented world where executive-driven tariff policies, alternative mechanisms for dispute settlement that are bilateral and plurilateral, and defensive regulations used by major countries have become prevalent.

The recommendations made by the scholars emphasize the need for reform based on climate-friendly trade measures, sound subsidy management, and improved criteria for security exceptions. The economic literature is combined with legal scholarship to highlight the impact of the choice of instrument in the distributive effects and feasibility of multilateralism. It would not be wise to insist on a panel decision under the WTO for such a controversial issue.

This is important since if such liberty can be accorded to any member state to regard trade limitations as issues of national security so that they escape legal scrutiny, the rules-based trading system will degenerate into an anarchic situation where power prevails.

4.1. Recent Events

Several recent events have pushed countries to use security exceptions more frequently:

The U.S.-China Trade War

Starting in 2018, the United States and China began imposing large tariffs on each other's goods. The U.S. justified some of these tariffs using national security arguments. This was controversial because many argued that countries like Canada and the EU are close allies of the U.S. and clearly pose no security threat.

Geopolitical Tensions

Tensions over Taiwan, the Russia-Ukraine war, and other conflicts have made countries think more about keeping key industries at home for security reasons. This has led to more trade restrictions justified by security concerns.

Technology and Supply Chain Concerns

Countries have become worried about depending on rivals for critical goods like semiconductors (computer chips), rare earth minerals, and medicine. This has led to new trade restrictions framed as security measures.

5. Key Terms

Trade: The buying and selling of goods and services between countries. When a person buys a phone made in another country, that is international trade.

Import: Goods or services that come into a country from another country. If Turkey buys cars from Germany, those cars are Turkish imports.

Export: Goods or services that a country sells to another country. If Turkey sells textiles to the EU, those textiles are Turkish exports.

Tariff: A tax that a government puts on imported goods. For example, a 25% tariff on imported steel means a country pays 25% extra tax when they bring steel from another country. Tariffs make imported goods more expensive.

Quota: A limit on how much of a product can be imported. For example, a quota might allow only 1 million tons of steel to be imported per year.

Subsidy: Money that a government gives to its own companies or industries to help them compete. If the government pays farmers to produce wheat cheaply, that is a subsidy.

Trade Balance: The difference between how much a country exports and how much it imports. If a country exports more than it imports, it has a 'trade surplus.' If it imports more, it has a 'trade deficit.'

Free Trade: Trade between countries with few or no restrictions. Supporters say it makes everyone richer. Critics say it can hurt workers in some industries.

Protectionism: When a country uses tariffs, quotas, or other methods to protect its own industries from foreign competition.

Trade War: When two or more countries keep raising tariffs on each other's goods in retaliation.

Most-Favored-Nation (MFN): A core WTO principle: if a country gives another country a trade benefit (like a lower tariff), they must give the same benefit to ALL WTO members. They cannot treat one country better than others.

National Treatment: Another core principle: once foreign goods enter a country, they must be treated the same as domestic goods. A country cannot tax foreign goods more heavily than their own.

Dispute Settlement Body (DSB): The part of the WTO that handles trade disputes between countries. When countries disagree about trade rules, they bring their case here.

Appellate Body: The WTO's 'appeal court' where countries can challenge a dispute ruling they disagree with. Currently in crisis because the U.S. blocked new judge appointments.

Panel: A group of three experts appointed to examine a trade dispute and make a ruling.

Consensus: The WTO's main decision-making method. A decision is made when no member actively objects. Everyone does not need to say 'yes,' but no one can say 'no.'

National Security Exception: A rule in WTO agreements (Article XXI) that allows a country to break normal trade rules if it believes its national security is threatened.

Sanctions: Trade penalties that one country or group of countries puts on another country to punish it or change its behavior. For example, the U.S. and EU put sanctions on Russia after it invaded Ukraine, blocking certain trade.

Supply Chain: The full network of companies and processes involved in making and delivering a product. For example, a car's supply chain might involve steel from one country, electronics from another, and assembly in a third.

GDP (Gross Domestic Product): The total value of all goods and services produced in a country in a year. It is used to measure the size of an economy.

6. Trump Tariff Crisis

Trump's main point is that America has been suffering from economic deterioration marked by factory closures, outsourcing, and growing trade deficits. He claims that the use of tariffs would encourage domestic manufacturing in the USA, increase revenues for the state budget and use trade as the tool of pressure on other states geopolitically.

Two types of legal mechanisms were used by him to implement tariffs without seeking the approval of Congress, namely Section 232 (on national security grounds) and the IEEPA (declaration of economic emergency).

February 2025, President Trump introduced 25% duties on Canadian and Mexican imports, as well as Chinese ones due to national security and drug trafficking. Also, an extra 10% duty on all Chinese products was established to force China to stop the fentanyl trafficking. In reaction to that, China imposed duties on American coal, LNG, and agricultural machinery.

April 2, 2025 "Liberation Day" President Trump announced a 34% duty on all Chinese products in addition to global ones. The implementation of such a move resulted in market volatility.

Escalation between the US and China a cycle of rapid retaliation, China applied 34% retaliating tariffs on American goods, the US increased tariffs on China up to 50%, China retaliated with 84% duties, total US tariffs on Chinese products were confirmed to be 145%, China retaliated with 125% duties on American products.

As a result of trade talks in Geneva in May 2025, the USA and China agreed to lower these high tariffs. However, the stability of the international trade regime has already been undermined.

6.1. WTO Connection

The US justified most tariffs under national security (Article XXI GATT), arguing steel, aluminum, cars, and semiconductors are all security-sensitive. A WTO Panel found that the additional tariffs imposed on steel and aluminum imports violated WTO rules and were not justified under the national security exception of Article XXI. However, the US

Administration rejected the ruling on the grounds that issues of national security inherently fell within the sovereign discretion of each WTO Member and were not subject to review by the WTO Dispute Settlement Body.

This created a dangerous precedent: if the world's largest economy simply refuses to follow WTO rulings, the entire system loses credibility.

The post-war multilateral approach to international trade based on the WTO system has been replaced by an era of fragmentation marked by an executive-led approach to tariffs that challenges constitutional boundaries, bilateral and plurilateral approaches to disputes instead of multilateral dispute resolution, and defensive regulations as large economies defend themselves from extraterritorial tariffs.

In other words, instead of one single global rule book, there are now individual deals-making and competing blocs and disregard for the WTO where convenient.

7. Related Parties

United States

The United States is the main player involved in this dilemma. The US believes in a hardline approach that suggests Article XXI is completely self-judging – this means that the WTO does not have the mandate to scrutinize any measure by a state when such a measure is termed as 'national security'. However, the US has held a strong stance regarding the interpretation of Article XXI during both Democratic and Republican regimes, but under the second term of Donald Trump, it became extremely aggressive. The US imposed tariffs via Section 232 and IEEPA on steel, aluminium, automobiles, and semiconductor products, and ignored a WTO Panel decision rendered in 2022 declaring those tariffs illegal. In imposing tariffs on different nations, the US violated the WTO's most-favored-nation (MFN) rule of treating all trading partners equally and rather adopted discriminatory tariffs against different nations to achieve multiple objectives.

China

While being a victim of US tariffs, China is a provocateur in the eyes of the other countries. China registered a case against US tariffs in the WTO; however, China continues to pursue its policy of market distortion through subsidies, rare earth minerals export control, and forced technology transfer. Actions of the two countries have caused disruptions in international markets. China adopts the provisions of the WTO system only when it suits China, but when it does not suit China, China finds the loopholes in the system and uses them for its benefit. China is setting up parallel trading systems by using BRICS and BRI.

European Union

The EU is the most powerful institution to support the rules-based trading regime. It brought forward cases regarding the imposition of tariffs by the US on steel and aluminum, arguing that the tariffs do not have any national security justification whatsoever. It also formed the Multi-Party Interim Appeal Arbitration Arrangement (MPIA), which is an interim arrangement since the US blocked the formation of the WTO Appellate Body. It is now trying to position itself through various preferential networks even as it seeks reforms at the WTO. Interest: Multilateralism; protection of European exporters (particularly auto industry); climate change related trade rules (CBAM).

Canada and Mexico

While both countries enjoy a free trade agreement with the US (USMCA/CUSMA), they still received 25% tariffs on most goods. Canada responded with tariffs on goods from the US as well. These examples show that national security is cited even with regards to closest allies, thus undermining the credibility of the exception. Key interest: Maintain the integrity of trade agreements; protect their export-oriented economies; amend Article XXI from abuse by allies.

India

India had initiated cases at the WTO against US tariffs on steel and aluminum imports. Countries like India, Vietnam, Indonesia, and Mexico are seen as some of the main beneficiaries of trade diversion as global supply chains move away from China. India straddles both sides on one hand, it is a beneficiary of US-China rivalry in terms of foreign investment coming its way, while on the other hand, it opposes the weakening of the WTO system that safeguards developing countries. Interest: Foreign Investment Protection

Russia and Ukraine

The Russia-Ukraine dispute before the World Trade Organization was the first ever case when a WTO panel interpreted Article XXI of the General Agreement on Tariffs and Trade (GATT). Russia hindered transit routes for Ukraine and referred to national security. The panel rejected Russia's claim about the absolute self-judgment nature of Article XXI, but still concluded that Russia's actions fell within the scope of the exception since there was an actual emergency situation in international relations (military confrontation).

Saudi Arabia, Bahrain, and the UAE

Stance: Saudi Arabia, Bahrain, and the UAE cited Article XXI as their reason for imposing sanctions on Qatar (from 2017 to 2021), claiming it was a matter of national security. This is one more landmark case because this dispute demonstrated that the issue of the use of Article XXI extends far beyond the relationship between the United States and China. The case of Qatar proved it.

Developing Countries

Position: Today, many developing and least developed nations are having tariffs on their goods from the US that exceed 25%. The smaller and less diversified economies are those that are highly affected by increases in costs and trade instability. The more peripheral

economies are at a disadvantage of being marginalized without improving logistics and other factors. This group of countries is known as the G90 in the WTO and tends to support rule-based disputes.

8. Questions To Be Answered

1. In what manner does the WTO need to interpret the scope of the national security exception according to Article XXI and by what criteria would a measure qualify as a national security action and not an act of protectionism in disguise?
2. Is Article XXI an exception which is totally out of reach of the WTO review as a self-judging provision, or should the WTO panels still have the power to decide whether the grounds of the use of this provision are satisfied?
3. What changes should the WTO dispute settlement system undergo, such as re-establishing the work of the Appellate Body in order to make it possible to properly enforce the panel decisions on the issues of national security and others?
4. How would the WTO act if one of its members simply refused to follow a decision made by the panel concerning national security and how could enforcement be ensured especially in regard to the most powerful states?
5. How should the WTO deal with the current division of world trade into rival political-economic blocs and what role would the WTO be able to play in preventing its collapse?
6. How could the WTO safeguard the interests of developing and LDCs that bear the brunt of major power states' invocation of the national security exception and imposition of unilateral tariffs?
7. Should the WTO craft a transparency and notification regime requiring members to disclose any justification beforehand when invoking the national security exception, and how can this be done without violating the confidentiality associated with real security matters?
8. How should the WTO deal with the use of export control measures, technology denial policies, and supply chain decoupling as a national security tool, especially given the grey area of such measures as far as WTO agreements are concerned?
9. What is the relationship that should exist between the WTO trade regime and other international regimes such as UN Security Council resolutions and international humanitarian law in cases where national security is used to justify trade restrictions?
10. In case the WTO system fails to be reformed in such a way to curb the misuse of the national security exceptions and fragmentation, what kind of international trade regime could be considered as an alternative or complementary one?