



2013 - 2014

Model Arab League

BACKGROUND GUIDE

Council of Arab Economic Affairs Ministers

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National
Council
on US-
Arab
Relations



Council of Arab Economic Affairs Ministers

Honorable Delegates,

Welcome to the 2013-2014 Model Arab League and the Council of Arab Economic Affairs Ministers. My name is Rebecca Edwards. It is such a privilege to serve as the Chair of this council for the National University Model Arab League Conference. I am currently a junior at Converse College in Spartanburg, SC, majoring in Politics. This is my third year with the Model Arab League program. This is my second year chairing for Model Arab League, and my first time serving as the chair of Economic Affairs for the National University Model Arab League Conference. This will most certainly be a valuable learning experience for you all in the culture and views of the Arab world.

The Council of Arab Economic Affairs Ministers was formed under the terms of the Joint Defense and Economic Co-operation Treaty in 1950. This council will explore topics and reach solutions that will better not only individual member states, but the Arab region as a whole. This council will further develop economic strategies to issues in the region that are due to political conditions of the region. As members of this council, delegates should seek to adopt policies that will further improve the Arab League and individual member states.

In preparation for conferences, I encourage delegates to carefully research your individual countries' policies on each individual topic as well as challenges that the region faces. Delegates should seek to work together in order to reach the best solution possible within each topic based upon similarities and each member states' needs. It is my hope that each delegate will arrive to committee fully prepared to debate with comprehensive research, positive attitude, and effective solutions. I look forward to working with all of you.

Best of luck,

Rebecca Edwards

Council of Arab Economic Affairs Ministers

Topic 1: Discussing the effects of national-level subsidies on international commodity markets within the Arab League

I. Introduction to the Topic

A. General Background

In the past, governments of the Arab world have relied on subsidies in order to lower the cost of fuel and food for the protection of the poor. However, problems have been known to arise from using subsidies. They can be expensive and can also distort the consumption and economic activity in unproductive ways. Many countries world-wide have abolished subsidies and have gone to other means such as cash transfers and social service delivery.¹ The Arab region as a whole has the highest levels of subsidies in the world. They represent on average a full 5.8 percent of Gross Domestic Product. Much of this spending is allotted to fuel subsidies.²

B. History of the Topic in the Arab World

An historical example of the dangers of commodity subsidies is Egypt, which has shown that when used improperly, these subsidies may drain the government unduly for the return they gain in turn.³ Conflict and increases in demands have worsened this plight through unsustainable growth in subsidies and government-funded jobs. In more recent attempts to utilize subsidies, the Egyptian government invested heavily in subsidies that lacked any real economic returns. Despite the one-third of the government's budget going toward such subsidies, they benefited only the wealthier sector of the population and large companies who tend to purchase more of the items being subsidized.⁴

C. Finding a Solution to the Problem: Past, Present, and Future

In discussing economic reform, the council should consider the challenges of public spending, the need for a healthy, competitive market, and the nullification of obstacles that infringe on trade flow. It must also consider which markets would benefit most from any proposed investments, which of these investments might boost economic activity, and how can they be implemented as a League to best utilize available assets and resources.

¹ Brix, Hana. "It Is Time for the Arab World to Invest in People Not Subsidies." *Voices & Views: Middle East & North Africa*. World Bank, 15 Feb. 2013. Web. 28 Sept. 2013. <<http://menablog.worldbank.org/it-time-arab-world-invest-people-not-subsidies>>.

² Ibid.

³ Rohac, Dalibor. "The Arab Spring Needs Economic Freedom." *NationalReview.com*. The National Review, 24 July 2013. Web. 28 Sept. 2013. <<http://www.nationalreview.com/article/354256/arab-spring-needs-economic-freedom-dalibor-rohac>>.

⁴ Ibid.

Other considerations are, naturally, political. Subsidies are often domestically popular, despite their impact on international markets. The council should consider solutions which address not only the economic impacts of subsidies, but also the human impact for Arab citizens across the region.

II. Questions to Consider in Your Research

- Would a subsidy in your country create a rise in production in the region as a whole?
- How, in turn, would this affect international markets and trade?
- What domestic economic policies of other member states affect your country?

III. Questions a Resolution Might Answer

- At what level would subsidies be effective?
- What types of subsidies have been historically successful, and under what circumstances?
- What type of subsidy within member states has the greatest region impact, both negative and/or positive?
- How should the League manage this impact?

IV. Additional Resources to Review

Arab Human Development Report, “Energy Subsidies in the Arab World”:

<http://www.arab-hdr.org/publications/other/ahdrps/Energy%20Subsidies-Bassam%20Fattouh-Final.pdf>

UNDP, “Energy subsidies in the Arab world costly & inefficient – report”:

<http://www.undp.org/content/undp/en/home/presscenter/articles/2012/04/18/energy-subsidies-in-the-arab-world.html>

Council on Foreign Relations, “UN Report: Energy Subsidies in the Arab World”:

<http://www.cfr.org/middle-east-and-north-africa/un-report-energy-subsidies-arab-world/p27886>

Topic 2: Developing a budget for, and assessing the potential economic benefits of, League-wide projects in energy and transportation infrastructure

I. Introduction to the Topic

A. General Background

Energy plays a vital part in achieving social and economic development within Arab countries. However, it does have some limitations which can affect the progress of the development of a region. The sector is still suffering from unsustainable energy consumption and production patterns. Secondly, the sector can have adverse impacts on air, water, and soil resources.⁵

Transportation in the Arab world has been rapidly developing. Many countries have been investing heavily in established and new modes of transportation, particularly waterway development. Many projects are still under construction or in the pipeline, including proposals for expanded rail systems in the Gulf area and elsewhere. Many countries have begun transforming their land-transportation into new rail projects.⁶

B. History of the Topic in the Arab World

Between the years 2002 and 2008, the number of containerized shipments handled by ports in the Arab world grew by two thirds. Only the East and South-East Asia regions had growth rates faster than that of the Middle East. In 2010, five Arab ports were among those of the top forty largest container ports in the world. This rise in trade and sea-port activity over the last decade is due to the considerable expansion of port capacity. Though projects are still underway, the new regional sea-port system is well established. However, sea-ports are not the only transportation system in need of evaluation.

In regards to land transportation, one recent project has been the Integrate Transport System in the Arab Mashreq (ITSAM). The ITSAM consists of a regional network of roads, railways, ports, and airports that are supported by international agreements. The Agreement on International Roads in the Arab Mashreq was adopted on May 10, 2001. This agreement lays out the technical specifications for ITSAM, by which all roads described in the Agreement will conform within a maximum period of 15 years, and the signs or signals that will be used on the roads within a maximum period of 7 years. The railway portion entered into force in May 2005.⁷

In addition to projects relating to transportation infrastructure, the League of Arab States has also been working on projects relating to energy. In recent years, the League has cooperated with the EU funded regional projects of the MED-EMIP and MED-ENEC to enact the National Energy

⁵ "Progress Achieved on Energy for Sustainable Development in the Arab Region." *United Nations Economic and Social Commission for Western Asia*. United Nations, n.d. Web. 28 Sept. 2013. <http://www.un.org/esa/sustdev/csd/csd14/escwaRIM_bp.pdf>.

⁶ "The Transformation of Arab Transportation Infrastructure: Part One – Sea Ports." *Aftau.org*. Ed. Paul Rivlin, Yitzhak Gal, and Teresa Harings. American Friends Tel Aviv University, Nov. 2011. Web. 28 Sept. 2013. <http://www.aftau.org/site/DocServer/Iqtisadi_Nov_2011.pdf?docID=16161>.

⁷ "Transport Newsletter." *UNCTAD.org*. United Nations Conference on Trade and Development, 2004. Web. 28 Sept. 2013. <http://unctad.org/en/docs/websdtetlb20046_en.pdf>.

Efficiency Action Plan (NEEAP) within the Arab region.⁸ It is a 10 year framework program that requires both long term and short term energy efficiency targets. It also requires the preparation and implementation of three NEEAPs for 3 years.⁹

In looking at energy infrastructure, there have been several proposals throughout the years. These proposals include ring-fencing funds, when a portion of a company's assets or profits are financially separated without necessarily being operated as a separate entity, for the electrification of the poor. The United Nations identifies four main target areas: working toward creating and maintaining accessibility to electricity for poorer citizens as well as attempting to reduce costs through low-cost technologies; sequencing reforms to make the needs of the poor a priority, and generally making the poor a matter of prioritized attention to the reform process.¹⁰

C. Finding a Solution to the Problem: Past, Present, and Future

A solution for this problem will focus on the aspects of energy that are based in the economic sector, meaning funding, expansion and creating the budgets. It will also explore past expenditures by the League to determine the most effective approach to the issue. Furthermore it will address creation, funding, and means of establishing and utilizing transportation infrastructure to its greatest potential.

II. Questions to Consider in Your Research

- What projects has your country implemented already?
- What shortcomings does your country have with energy and transportation?
- What has your country done to improve its energy and transportation infrastructure?
- Could your country benefit from greater trade resulting from regional transport and/or energy infrastructure improvements?

III. Questions a Resolution Might Answer

- What projects could be beneficial to the different sub-regions of the Arab world?
- How will these projects be funded?
- What goals and projects will be worked toward?

IV. Additional Resources to Review

⁸ "Roundtable on Energy Efficient Policy Recommendations for the SEMED/MENA Region." *Slideshare.net*. League of Arab States, 22 Apr. 2013. Web. 28 Sept. 2013. <<http://www.slideshare.net/rcreee/policy-and-regulatory-framework-for-ee-in-the-arab-region-energy-efficiency-guidelines-and-national-energy-efficiency-action-plans-19542536>>.

⁹ MED-ENEC, RCREEE, MED-EMIP, and League of Arab States. "Proposed Methodology for the Preparation of a National Energy Efficiency Action Plan According to the Arab EE Guideline." *Med-Enec.org*. Energy Efficiency in the Construction Sector of the Mediterranean, 29 Mar. 2011. Web. 28 Sept. 2013. <http://www.med-enec.com/sites/default/files/user_files/downloads/Methodolgy%20for%20NEEAP%20Final%2011%20May%202011.pdf>.

¹⁰ "Progress Achieved on Energy for Sustainable Development in the Arab Region." *United Nations Economic and Social Commission for Western Asia*. United Nations, n.d. Web. 28 Sept. 2013. <http://www.un.org/esa/sustdev/csd/csd14/escwaRIM_bp.pdf>.

Arab Forum for Environment and Development, "Transportation":

<http://afedonline.org/Report2011/PDF/En/chapter%205%20Transportation.pdf>

Topic 3: Determining League policies regarding economic sanctions placed upon member states.

I. Introduction to the Topic

A. General Background

In the past the League as a whole has been very hesitant to impose sanctions on other countries, specifically member states. For the most part, sanctions have not always been profitable when dealing with an issue with both member states and non-member states. When looking at this topic one must remember that while it is a member's sovereign right to refuse to abide by an Arab League proposal they vote against, what should be the protocol for enforcing follow through on League approved language? There have also been a number of times that member states have had sanctions imposed upon them as well from Western countries. Political leaders taking action on a nation by imposing sanctions view this as taking action one-step below military action.¹¹

B. History of the Topic in the Arab World

In recent past the League has imposed sanctions on Syria.¹² Difficulties may arise as neighboring countries may provide a way for Syria to circumvent the sanctions imposed by the League. This further enforces the need for a League wide stance, as well as policies and regulations regarding sanctions. The resolution did not specifically state the economic punishments of Syria, thus leaving it to the decisions of individual states. The resolution does include halting imports of non-oil products from Syria. It also closed the last channel with the international banking network and the Syrian banks. This was to prevent the Syrian government and businesses from opening credit or making international bank transactions.¹³ A second example of sanctions on member states comes not from a member state but from the western world. In 1990, the United Nations Security Council voted to impose economic sanctions on Iraq just after the invasion of Kuwait by Iraq. The United States and the United Kingdom were very critical of lifting any sanctions on Iraq. It has been just recently that serious discussions have come about to lifting some sanctions.¹⁴

C. Finding a Solution to the Problem: Past, Present, and Future

The Syrian economy is in complete disorder because of the sanctions imposed on them. Western ban on oil imports have placed a heavy burden on the Syrian industry. It has been estimated that

¹¹ Ditz, Jason. "Sanctions: Cruel and Counterproductive." *AlJazeera.com*. Al Jazeera America, 25 Sept. 2013. Web. 28 Sept. 2013. <<http://www.aljazeera.com/indepth/opinion/2013/09/sanctions-cruel-counterproductive-2013924123655719523.html>>.

¹² "Syria Unrest: Arab League Adopts Sanctions in Cairo." *BBC News Middle East*. BBC, 27 Nov. 2011. Web. 03 Oct. 2013. <<http://www.bbc.co.uk/news/world-middle-east-15901360>>.

¹³ Seifan, Samir. "Economic Sanctions on Syria Could Tip the Balance." *Theguardian.com*. The Guardian, 14 Nov. 2011. Web. 28 Sept. 2013. <<http://www.theguardian.com/commentisfree/2011/nov/14/economic-sanctions-syria-bashar-al-assad-regime>>.

¹⁴ "Sanctions Against Iraq." *Globalpolicy.org*. Global Policy Forum, n.d. Web. 28 Sept. 2013. <<https://www.globalpolicy.org/previous-issues-and-debate-on-iraq/sanctions-against-iraq.html>>.

real GDP fell between 50 and 80 percent in 2012.¹⁵ Hyperinflation is an issue as Syria's pound has dropped one-sixth of its value. Foreign currency reserves are estimated to be between 2 and 5 billion. The regime relies now heavily on credit lines by some of its allies.¹⁶ When looking at the previous resolution to bring economic sanctions on Syria from Turkey's perspective, it is sometimes difficult to be in line with these sanctions. A comprehensive solution will help not only clarify the League's purpose and methods in regards to the sanctions currently enacted, but also set a precedent for how sanctions will be handled in the case of future discrepancies. This will help provide clarity when deciding if sanctions are warranted in future conflict situations.

II. Questions to Consider in Your Research

- What sanctions does your country have on other countries in the League?
- What type of sanctions does your country impose on those countries?
- What sanctions are imposed on your country from LAS member-states? And/or from non-member states?

III. Questions a Resolution Might Answer

- What is an appropriate penalty that the League may reasonably place on member states with respect to sovereignty when member states enforce sanctions?
- What is an appropriate to decide what type of sanction can and will be enacted?
- Should the League impose sanctions on member states?
- How should the League impose sanctions on said members?

IV. Additional Resources to Review

Forum for Research and Eastern Europe and Emerging Economies, "Do Economic Sanctions Work?":

<http://freepolicybriefs.org/2012/03/19/do-economic-sanctions-work/>

Deutsche Welle, "Experts question impact of economic sanctions":

<http://www.dw.de/experts-question-impact-of-economic-sanctions/a-16647551>

¹⁵ Laub, Zachary, and Jonathan Masters. "Syria's Crisis and the Global Response." *CFR.org*. Council on Foreign Relations, 11 Sept. 2013. Web. 28 Sept. 2013. <<http://www.cfr.org/syria/syrias-crisis-global-response/p28402>>.

¹⁶ Ibid.

Topic 4: Examining ways to more efficiently utilize the constructive potential of large, predominantly underemployed Arab youth demographics in many member states.

I. Introduction to the Topic

A. General Background

Many scholars are under the opinion that youth unemployment has been a major contributor to rebellion throughout the Arab world in the past few years. Following rebellions in 2011, unemployment rose to 16 percent in 2012, which is 2 percent higher than the rate in 2010.¹⁷ In terms of youth unemployment, the Arab world has the highest rate.

B. History of the Topic in the Arab World

High levels of unemployment in the Arab world are a major challenge for these countries' economies. Looking further down the road, the lack of good jobs may potentially create further social conflict. It is predicted that the Arab population will increase from 410 million to 460 million by the year 2020. More than 40 percent of this total population is projected to be under the age of 14. The number of those seeking out a job will be well over 39 million within the next decade. Out of twenty-two countries in the region, only nine countries have developed youth policies.¹⁸ Young Arab women are burdened with both age and gender. The growing amount of women's participation in the workforce has caused further pressure on the labor market. The recent unemployment rate for women is close to 40 percent. Those who do find work find themselves working a low-paying job in the private sector.

C. Finding a Solution to the Problem: Past, Present, and Future

Studies suggest that the issue at hand stems from a public sector that doesn't have the ability to utilize the workforce available, a lack of training that results in an undiversified workforce, further adding competition for the same under-available entry level jobs and concentration being primarily on low value-added economic activities. Addressing this issue will require both a long term solution, as well as a short term solution to ease unrest in the region. Attention may also be paid to the governances regarding the workforce at large.¹⁹ This issue is one that the United Nations and its agencies have been helping member states with under the United Nations

¹⁷ Agence France Presse. "Unemployment Hits 16 Percent in Arab States in 2012." *AlArabiya.net*. Al Arabiya Network, 15 Apr. 2013. Web. 28 Sept. 2013. <<http://english.alarabiya.net/en/News/middle-east/2013/04/15/UNEMPLOYMENT-HITS-16-PERCENT-IN-ARAB-STATES-IN-2012-.html>>.

¹⁸ UN Focal Point on Youth, Division for Social Policy and Development. "Regional Overview: Youth in the Arab Region." *Slideshare.net*. United Nations Division for Social Policy and Development, 28 Dec. 2011. Web. 28 Sept. 2013. <<http://www.slideshare.net/unyouth/regional-overview-youth-in-the-arab-region>>.

¹⁹ Drine, Imed. "Youth Unemployment in the Arab World: What Do We Know? What Is the Way Forward?" *Wider.UNU.edu*. UNU-WIDER : Youth Unemployment in the Arab World: What Do We Know? What Is the Way Forward?, 7 June 2012. Web. 28 Sept. 2013. <http://www.wider.unu.edu/publications/newsletter/articles-2012/en_GB/06-07-2012-Drine/>.

Development Group's Regional Strategic Action Plan. This Plan prioritizes support in six key areas: health, education, protection, participation, labor and emergencies.²⁰

II. Questions to Consider in Your Research

- What is your country's rate of youth unemployment?
- What issues have caused this rate of youth unemployment?
- What has your country done to improve this rate?
- What other issues have come about due to the youth unemployment rate?

III. Questions a Resolution Might Answer

- What type of programs can be implemented to employ the large youth demographic?
- How will any type of program be funded?
- What outside organization, if any, could partner with the Arab League?

IV. Additional Resources to Review

Carnegie Endowment, "Arab Youth Unemployment: Roots, Risks, and Responses":
<http://carnegieendowment.org/2011/02/10/arab-youth-unemployment-roots-risks-and-responses/4go>

United Nations Economic and Social Commission, "Regional Overview: Youth in the Arab Region":
<http://social.un.org/youthyear/docs/Regional%20Overview%20Youth%20in%20the%20Arab%20Region-Western%20Asia.pdf>

UNDP Arab Human Development Report, "Job Creation in the Arab Economies: Navigating through Difficult Waters":
<http://www.arab-hdr.org/publications/other/ahdrps/paper03-en.pdf>

²⁰ UN Focal Point on Youth, Division for Social Policy and Development. "Regional Overview: Youth in the Arab Region." *Slideshare.net*. United Nations Division for Social Policy and Development, 28 Dec. 2011. Web. 28 Sept. 2013. <<http://www.slideshare.net/unyouth/regional-overview-youth-in-the-arab-region>>.