HackMUN VII

UNCITRAL: COMMISSION ON INTERNATIONAL TRADE LAW

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Note From the Chairs

Greetings Delegates!

Our names are Elan Suttiratana and Nikhil Shah and it is our pleasure to welcome you to the Commission of International Trade Law (UNCITRAL). We, alongside our HackMUN staff, are extremely honored to bring you this committee. As a delegate, we hope that you will sharpen your leadership, critical thinking, and collaborative skills. Through debate, we will navigate layered economic, political, and social issues regarding tensions surrounding international trade. As delegates, you will step into the shoes of countries to sway the outcome of the situation. To guide your preparations and ensure an engaging experience, we have prepared this background guide for you, which contains historical context, the issue at hand, and involved nations. Please read all the contents of this guide to better understand the events that lead to our committee. We encourage you to research beyond this guide to enhance your understanding of your specific position.

If you are new to Model UN, welcome! Model UN is home to one of the most encouraging communities in high school. The various experiences and perspectives that people bring to these conferences are what make Model UN so special. Try your best, ask questions, and embrace the opportunity to learn.

We wish you all a great HackMUN and look forward to the diplomatic resolve, passion, and joy that you will bring to this conference. Please contact us with any questions. See you at HackMUN VII!

Sincerely,
Elan Suttiratana, Secretary General, HackMUN VII
Nikhil Shah, Undersecretary General, HackMUN VII
Chairs of the Commission on International Trade Law (UNCITRAL) Committee
uncitralhackmun@gmail.com

Committee Procedure

Debate Format

This committee follows standard parliamentary procedure, which includes the following procedures: roll call, setting the agenda, yields, points, caucusing, resolutions and amendments, and voting.

Position Paper Policy

If you wish to be considered for an award this year at HackMUN VII, you must submit a position paper. Position Papers help you prepare effectively for debate and engage meaningfully with the topic before HackMUN. Furthermore, they provide an opportunity for you to communicate unique aspects of your position and possible solutions and objectives for the committee to your chairs. Please send position papers at least one page in length, double spaced, in Google Doc or PDF format to uncitralhackmun@gmail.com no later than midnight, March 7th.

Introduction to the Committee

International trade, once viewed primarily through an economic lens, has become a critical national security concern. Strategic resources like oil, rare earth minerals, and advanced technology now sit at the intersection of commerce and geopolitics, transforming trade routes and supply chains into flashpoints. Since the early 2020s, these tensions have escalated dramatically, as nations grapple with the weaponization of trade dependencies and the vulnerability of globally interconnected markets. Trade restrictions, sanctions, and resource nationalism have jeopardized international commerce, strained diplomatic relations, and sent economic shockwaves across the globe.

The United Nations Commission on International Trade Law (UNCITRAL), established in 1966, emerged as the core legal body of the United Nations system in the field of international trade law. Its mandate is to modernize and harmonize rules on international business, reducing legal barriers to international trade. However, UNCITRAL's original focus on contract law, arbitration, and commercial transactions has been challenged by new realities where trade issues increasingly trigger national security responses. Recent interventions, such as the United States' involvement in Venezuelan oil markets, illustrate how trade disputes can escalate into direct geopolitical confrontations, blurring the lines between economic policy and military strategy.

The concentration of critical industries in single nations or regions has created dangerous bottlenecks in global trade. Taiwan's dominance in semiconductor manufacturing—producing over 60% of the world's chips and over 90% of advanced chips—exemplifies this vulnerability. A disruption to Taiwan's production, whether from natural disaster, political conflict, or deliberate action, could paralyze industries worldwide, from automotive manufacturing to consumer electronics. Similarly, rare earth elements essential for modern technology are concentrated in just a few countries, creating leverage points that can be exploited for political gain.

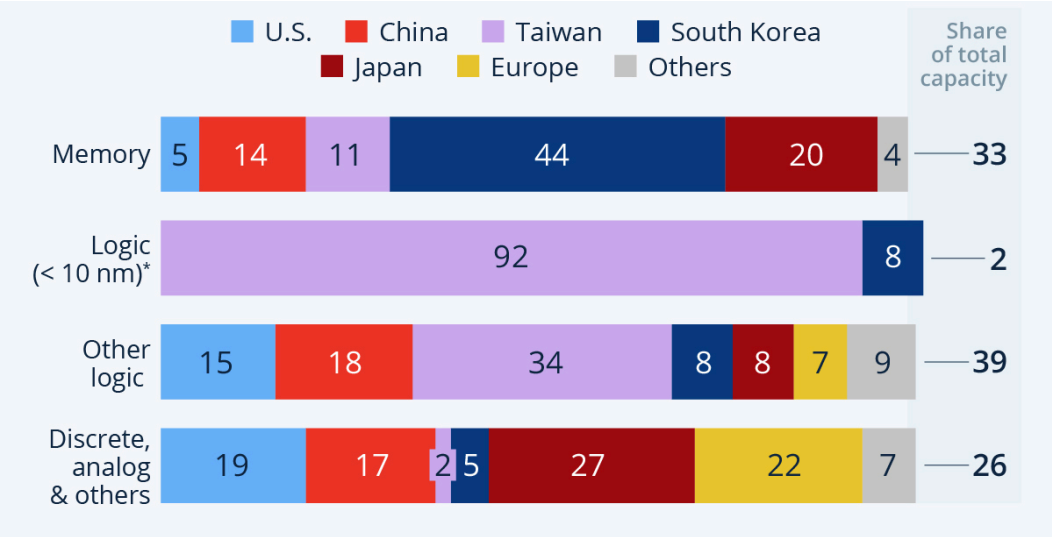
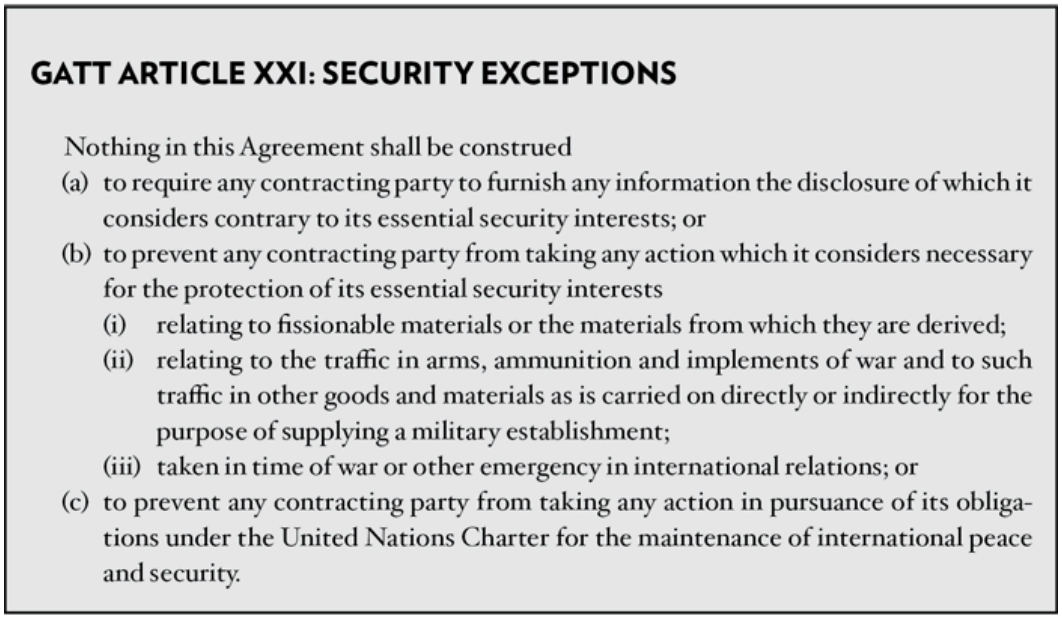


Figure 1: 2019 global semiconductor wafer fabrication capacity, split by type and location

Approximately 80% of global trade by volume is carried by sea, making maritime commerce and specialized manufacturing the lifeblood of the modern economy. Disruptions to these systems impact global supply chains, drive up costs, and create economic instability, especially for nations reliant on imported goods and technologies. As trade tensions escalate, the world faces the challenge of maintaining open commerce while protecting legitimate national security interests. The complex relationship between trade and security involves not only producing and consuming nations, but also shipping countries, financial centers, and international regulatory bodies. These tensions threaten the sanctity of free trade principles, international legal frameworks, and the rules-based order that has governed global commerce since World War II.

Figure 2: International Maritime Trade Routes and Chokepoints

Nations justify trade restrictions and interventions as necessary for national security, invoking exceptions under international agreements like the General Agreement on Tariffs and Trade (GATT) Article XXI. However, such actions often violate the spirit of international trade law and disrupt the predictable legal environment necessary for commerce to flourish. The weaponization of trade dependencies—whether through export controls on semiconductors, oil embargoes, or critical mineral restrictions—has become a tool of statecraft with profound implications for global stability.



GATT ARTICLE XXI: SECURITY EXCEPTIONS

Nothing in this Agreement shall be construed

(a) to require any contracting party to furnish any information the disclosure of which it considers contrary to its essential security interests; or

(b) to prevent any contracting party from taking any action which it considers necessary for the protection of its essential security interests

  (i) relating to fissionable materials or the materials from which they are derived;

  (ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;

  (iii) taken in time of war or other emergency in international relations; or

(c) to prevent any contracting party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

Figure 3: Article 21 of the General Agreement on Tariffs and Trade (1947)

Various international bodies and national governments attempt to navigate these challenges. The World Trade Organization (WTO), UNCITRAL, and regional trade blocs work to maintain rules-based trade while acknowledging legitimate security concerns. Yet despite these efforts, protectionist measures and trade conflicts continue to multiply, demonstrating the limits of existing international legal frameworks. Major economies including the United States, China, and the European Union are reshaping global trade through industrial policy, export controls, and supply chain realignment. Meanwhile, developing nations and smaller economies dependent on international trade are grappling with the fallout, caught between competing power blocs and facing reduced access to critical goods and technologies in an increasingly fragmented global marketplace.

The Path Forward

History has shown that trade wars can escalate into armed conflicts, and economic fragmentation can destabilize the global order. If the weaponization of trade and concentration of critical industries are not addressed, they could disrupt not just economic prosperity but international peace and security. The international community has established trade frameworks and legal instruments, yet enforcement remains inconsistent. Nations continue to invoke national security exceptions with increasing frequency, while supply chain vulnerabilities deepen. The world must act decisively to preserve the rules-based trading system or else fragmentation and conflict may intensify. The decisions made in the coming years will shape the future of international commerce, the stability of global supply chains, and the economic security of billions of people worldwide.

The key questions now are:

1. How can the international community balance legitimate national security concerns with the principles of free trade and economic interdependence?
2. Should UNCITRAL expand its mandate to address more trade-security issues, or should these matters remain primarily under the jurisdiction of political bodies like the UN Security Council and WTO?
3. How can nations reduce dangerous dependencies on geographically concentrated industries without triggering a race toward protectionism and economic isolation?
4. Is there a viable legal framework to distinguish between genuine security measures and disguised protectionism in international trade disputes?

Topic 1: National Security Interests

The intersection of trade and national security has never been more contentious. In early 2026, the United States took unprecedented action by seizing Venezuela's president, Nicolás Maduro, citing concerns over energy security, regional stability, and the protection of American economic interests. Venezuela, home to the world's largest proven oil reserves—over 300 billion barrels—has long been a focal point of international attention. However, recent American actions, including sanctions enforcement, support for regime change efforts, and discussions of direct intervention to secure oil infrastructure, have raised fundamental questions about the limits of national security justifications in international trade law. This situation is not isolated. Nations worldwide are increasingly leveraging trade relationships as instruments of geopolitical power, whether through control of critical resources, strategic industries, or essential supply chains. When does legitimate national security interest cross the line into economic imperialism? How should the international community respond when powerful nations use trade mechanisms—loans, investments, infrastructure deals, and resource extraction agreements—to gain leverage over smaller economies?

Figure 4: Nicolás Maduro, escorted by American DEA agents

Why does somewhere like Venezuela have so much strategic value? Venezuela's significance extends beyond its massive oil reserves. The country sits at a strategic crossroads in Latin America, its production capacity could significantly impact global energy markets, and its political instability creates opportunities for external actors to exert influence. For the United States, Venezuelan oil represents both an economic prize and a national security concern—reducing dependence on Middle Eastern imports while preventing rival powers like China and Russia from gaining a foothold in the Western Hemisphere. But for Venezuela, foreign involvement in its resource sector raises questions of sovereignty, economic independence, and the long-term costs of resource dependency.

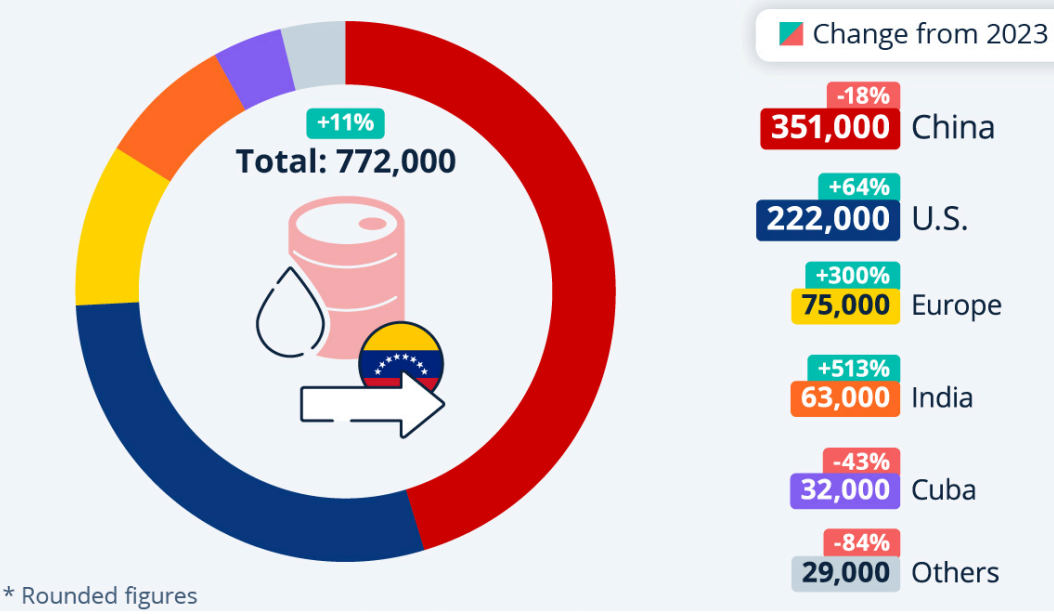


Figure 5: Imports of Venezuelan oil in 2024, by country (in barrels/day).

Oil in particular complicates this issue. Oil has long been more than a commodity – it has been a strategic asset shaping alliances, funding governments, and driving military interventions for more than a century. Controlling oil resources translates to economic leverage, political influence, and military advantage. When nations with superior economic and military power offer loans, investments, or partnerships to resource-rich but financially struggling countries, these arrangements often come with strings attached: favorable extraction terms, political alignment, or collateral agreements that can give creditors control over critical infrastructure if debts cannot be repaid.

The Venezuela situation exemplifies a broader pattern where developing nations rich in natural resources become dependent on foreign capital for extraction and development. International oil companies, backed by their home governments, negotiate contracts that may provide immediate revenue but potentially undervalue resources, limit domestic development, or create debt traps. When geopolitical tensions rise, these economic relationships can quickly transform into security crises, with major powers invoking national security to justify intervention or control.

How this committee addresses the situation in Venezuela will set critical precedents for how nations balance trade relationships with national security concerns. If powerful nations can justify intervention or economic coercion based on resource security, what prevents similar actions elsewhere? Lithium deposits in Bolivia and Chile, rare earth elements in African nations, and agricultural resources across the developing world could all become targets of "national security" interventions. The rules established now will determine whether international trade law protects sovereign control over natural resources or enables a new era of colonialism disguised as security policy.

Key Questions

- How should “fair compensation” for natural resources be defined, and who decides what is fair?
- Is reliance on foreign capital a temporary development stage or a long-term trap?
- What role should international financial institutions play in funding domestic resource extraction?
- How can transparency in contracts and revenue flows be enforced without violating sovereignty?
- Should certain assets be excluded from secured lending frameworks due to their strategic or national security importance?
- What legal safeguards are needed to prevent foreign creditors from gaining de facto control of critical oil infrastructure through collateral enforcement?

Topic 2: Bottlenecks in the International Transport of Goods

The 2020s have exposed a fundamental vulnerability in the global economy: critical industries concentrated in single geographic locations create catastrophic points of failure. When the COVID-19 pandemic disrupted supply chains in 2020, the world discovered just how dependent modern civilization had become on a small island's ability to produce advanced semiconductors. Taiwan, through the Taiwan Semiconductor Manufacturing Company (TSMC), produces over 60% of the world's semiconductors and more than 90% of the most advanced chips. This concentration means that a natural disaster, political conflict, or military action involving Taiwan could paralyze industries worldwide—from automobiles to smartphones, from military systems to medical equipment.

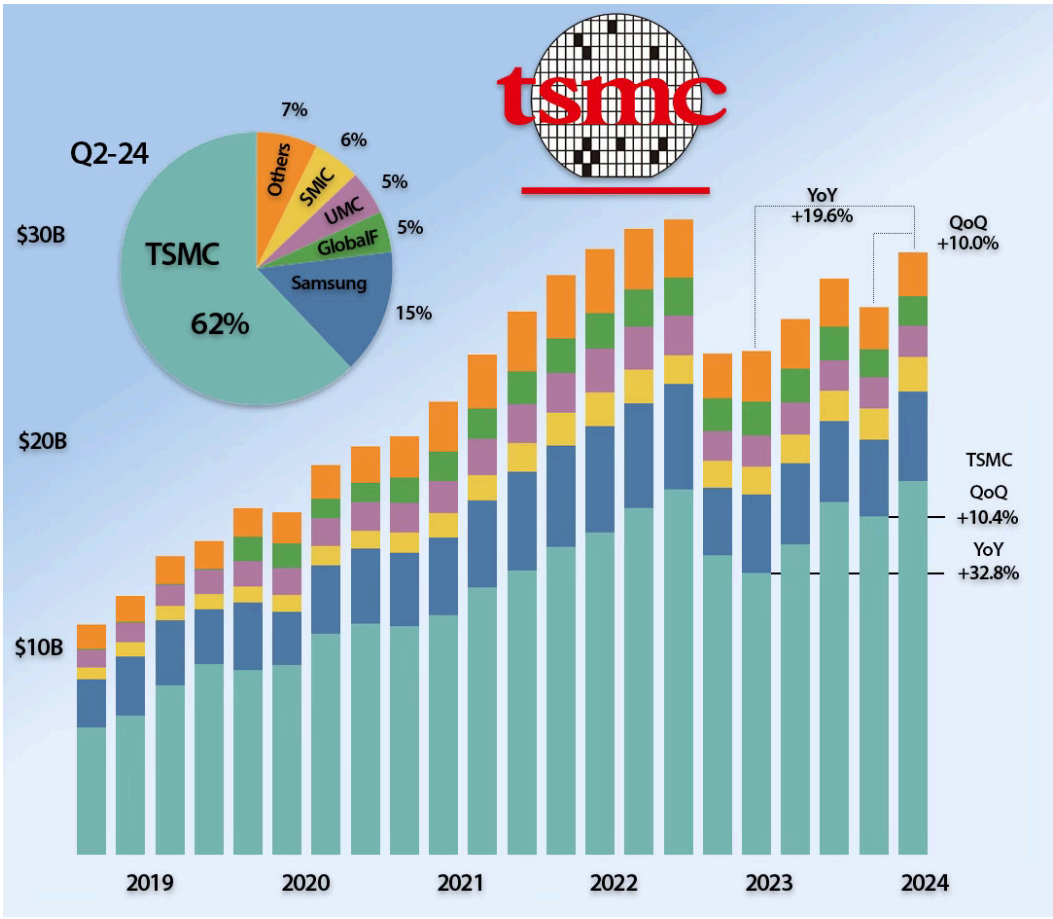


Figure 6: Global semiconductor manufacturing foundry revenue and growth

This is not merely an economic issue; it is a national security crisis that has prompted dramatic responses from major powers. The United States has invested over $50 billion through the CHIPS and Science Act to rebuild domestic semiconductor manufacturing. The European Union has launched its own multi-billion euro chip initiative. China is pouring resources into semiconductor self-sufficiency. Yet these national responses raise profound questions for international trade law: When does legitimate industrial policy become protectionism? How can nations reduce dangerous dependencies without fragmenting global supply chains? What happens to smaller nations excluded from this high-stakes technological competition?

Semiconductors are the foundation of the modern economy, yet their production requires extraordinarily complex, capital-intensive processes that only a handful of companies worldwide can perform at advanced levels. TSMC's dominance results from decades of specialized development, massive capital investment, and an ecosystem of suppliers and expertise concentrated in Taiwan. The industry's supply chain is itself globally distributed: design often occurs in the United States, raw materials come from Japan and Europe, manufacturing equipment from the Netherlands, with final production in Taiwan or South Korea, and assembly in Southeast Asia or China.

This intricate interdependence creates efficiency but also fragility. A disruption at any critical point can cascade through the entire system. During the pandemic, semiconductor shortages cost the global economy hundreds of billions of dollars and exposed how quickly modern industry can grind to a halt. The situation in Taiwan adds geopolitical risk to this equation—cross-strait tensions with China create the possibility that the world's semiconductor supply could be caught in a military conflict, with devastating global consequences.

Nations worldwide now recognize the need to diversify semiconductor production, but the path forward is fraught with challenges. Building advanced semiconductor foundries costs tens of billions of dollars per plant, requires highly specialized expertise, and takes years to become operational. Even with massive government subsidies, achieving true self-sufficiency is economically inefficient and perhaps technically impossible for most nations. The industry's complexity means that complete vertical integration in a single

country would be extraordinarily expensive and likely produce inferior results compared to the current specialized, distributed model.

Yet doing nothing means accepting an unacceptable level of vulnerability. Nations must balance the efficiency gains of concentrated production against the security risks of dependency. Industrial policy aimed at building domestic capacity can violate international trade commitments if it involves subsidies, local content requirements, or discriminatory practices. How can international trade law accommodate legitimate security-driven industrial policy while preventing a race to the bottom where every nation subsidizes its own industry, fragmenting the global market and reducing overall efficiency?

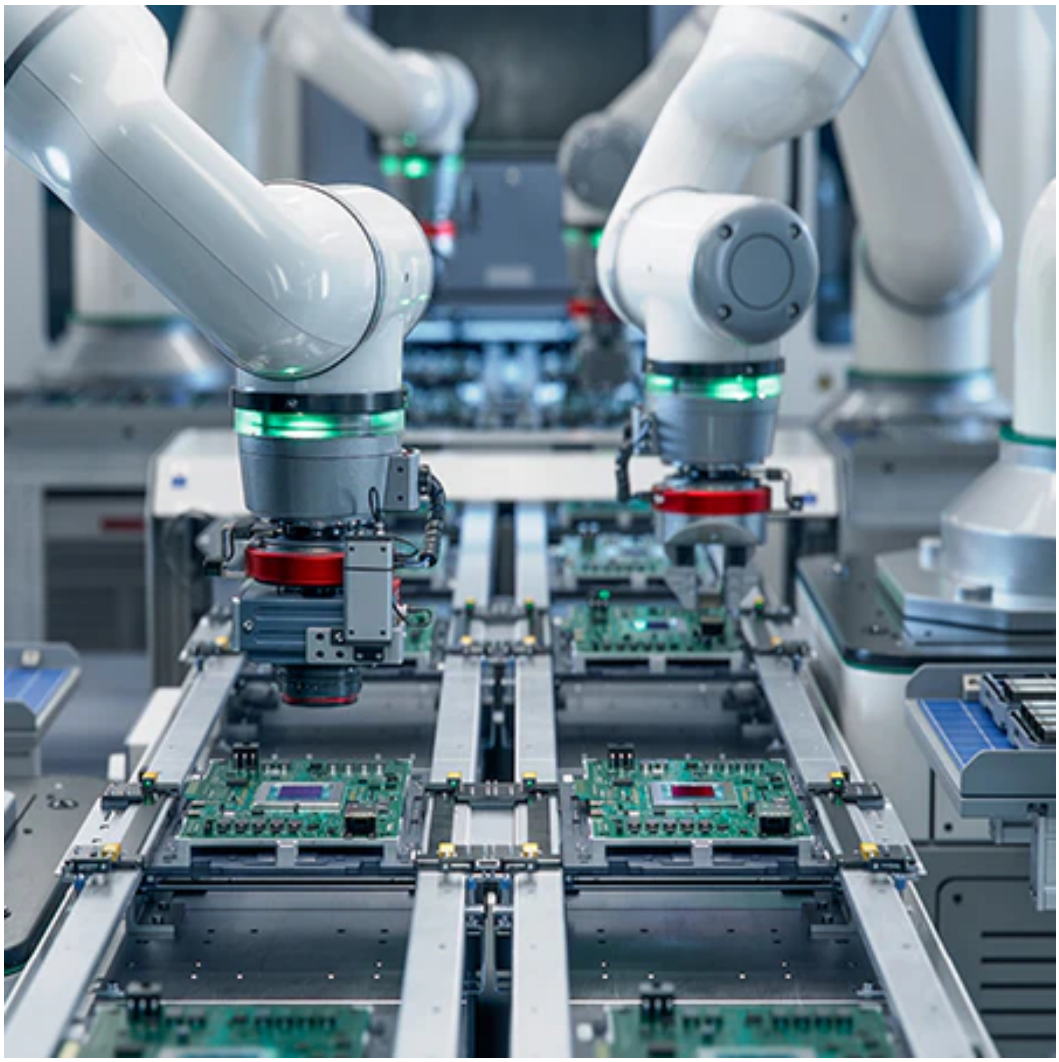
The semiconductor crisis raises fundamental questions about national sovereignty in an interconnected world. Can Taiwan be pressured to share its technological advantages or relocate production? Should nations be allowed to restrict exports of critical technologies or require production to remain within their borders? What happens when one nation's economic security depends on another nation's sovereign territory and industrial capabilities?

These questions become even more complex when considering the developing world. Most nations lack the capital, expertise, and scale to participate meaningfully in advanced semiconductor manufacturing. They risk being left behind in an increasingly bifurcated technological world, dependent on whatever production they can access from competing power blocs. International trade law must grapple with how to ensure equitable access to critical technologies while respecting the security concerns that drive nations to pursue self-sufficiency.

Key Questions

- How can smaller or developing states participate more equitably in the semiconductor value chain beyond design and testing?
- What policies should states adopt to balance domestic capacity development (like the U.S. CHIPS Act) with global cooperation?

- What strategies can be used to ensure the semiconductor ecosystem remains innovative while becoming more geographically distributed?
- Can international norms be established to prevent semiconductor supply chain fragmentation while respecting national sovereignty?
- How can transparency in transport requirements be improved without exposing sensitive information about semiconductor supply chains?
- To what extent may states impose transport restrictions or routing controls on semiconductor shipments for national security reasons without undermining international trade predictability?



Positions (49 countries)

Note to Delegates: Please read through the descriptions of your country's category as well as the descriptions of other categories. These descriptions outline important policy perspectives and unique features of each country in the committee.

World Powers

- **AUSTRALIA**
- **BRAZIL**
- **CANADA**
- **FRANCE**
- **GERMANY**
- **INDIA**
- **IRAN**
- **JAPAN**
- **MEXICO**
- **PEOPLE'S REPUBLIC OF CHINA**
- **RUSSIA**
- **SOUTH KOREA**
- **UNITED STATES**

Resource Economies

- **ALGERIA**
- **ANGOLA**
- **ARGENTINA**
- **AZERBAIJAN**
- **BOLIVIA**
- **BRUNEI**
- **CHILE**
- **ECUADOR**
- **GHANA**

- **IRAQ**
- **KAZAKHSTAN**
- **KUWAIT**
- **LIBYA**
- **NIGERIA**
- **NORWAY**
- **OMAN**
- **QATAR**
- **SAUDI ARABIA**
- **UNITED ARAB EMIRATES**
- **UKRAINE**
- **VENEZUELA**

Supply Bottlenecks

- **BELGIUM**
- **COSTA RICA**
- **DEMOCRATIC REPUBLIC OF THE CONGO**
- **DOMINICAN REPUBLIC**
- **EGYPT**
- **INDONESIA**
- **MALAYSIA**
- **MONGOLIA**
- **NETHERLANDS**
- **PARAGUAY**
- **REPUBLIC OF CHINA**
- **SINGAPORE**
- **THAILAND**
- **TURKEY**
- **VIETNAM**

World Powers

These nations are characterized by significant global economic influence, military capability, and diplomatic reach. They lead negotiations, propose comprehensive frameworks for international trade law, and balance their own strategic interests with maintaining global stability. Some world powers will favor open markets and multilateralism, while others prioritize national security and strategic autonomy. Their decisions will shape whether the international community moves toward cooperation or fragmentation, and their willingness to compromise will determine the committee's success.

Resource Economies

Economies primarily supported by natural resources such as oil, gas, minerals, or agricultural products, these delegations face the dual challenge of protecting their sovereign right to control and benefit from their resources while navigating pressure from more powerful nations seeking access to those resources. Delegates representing resource economies are expected to advocate for fair compensation frameworks, resist exploitation, and push for international legal protections against economic coercion. Their perspectives will be crucial in establishing whether resource wealth becomes a tool for development or a source of vulnerability and foreign intervention.

Supply Bottlenecks

These nations are critical chokepoints in global trade—whether through geographic position (strategic waterways), technological dominance (semiconductors, specialized manufacturing), or concentration of essential industries. These delegations wield disproportionate influence despite potentially smaller economies or populations, as disruptions in their territories can paralyze global supply chains. Supply Bottlenecks are expected to navigate the tension between leveraging their strategic importance for national benefit and maintaining the international cooperation that makes their position valuable. Their decisions will determine whether critical industries remain concentrated or become more distributed, and whether strategic chokepoints become tools of coercion or remain open to all.

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