

The Global Supply Chain

INTRODUCTION

24 October 1945: the United Nations came into existence after the countries of China, France, the Soviet Union, the United Kingdom and the United States, along with most signatories, ratified the San Francisco Convention to prevent another war from occurring.¹ Since that date, the United Nations has worked towards solving international disputes through moderation rather than weapons and diplomacy instead of war. Through the efforts of the United Nations, the world has steadily grown into a safer, rules-based system of treaties and agreements unseen in human history. In working to maintain international peace, security, provide humanitarian aid, strengthen human rights, and uphold international law, the United Nations unknowingly fostered another, much more visible aspect of a stable international order: global trade.² Since the inception of the United Nations, nations moved away from a zero-sum idea of global economics, instead, looking for ways to promote peace and prosperity through mutually beneficial economic agreements. However, today it seems as if this system is coming to a breaking point.

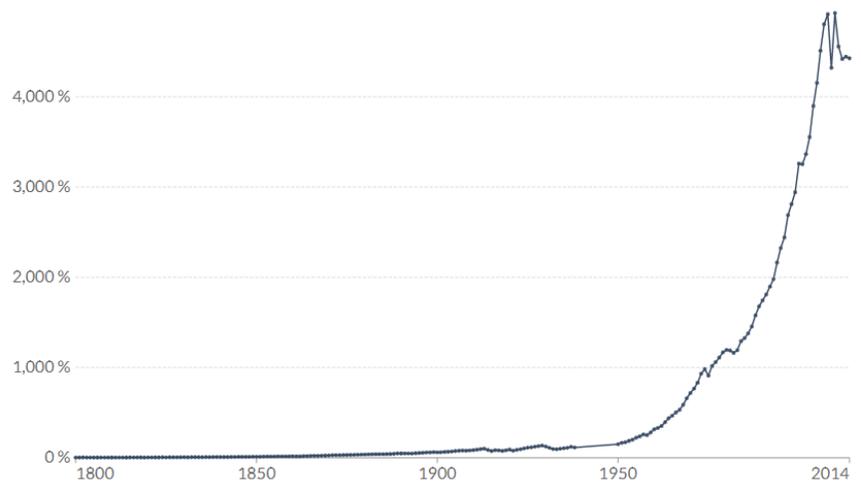
TOPIC HISTORY

Since the founding of the United Nations, global trade and cooperation has dramatically increased.³ This growth since World War 2 is termed, “Globalization.”⁴ This growth has stemmed from what most economists term, “Comparative Advantage.” Comparative Advantage is the idea that both sides in a trade agreement benefit by specializing in producing what they are good at making. For example, country A makes great lemonade but country B makes great bread. They but from each other and both get lemonade and bread. However, before the United Nations was founded, many

countries viewed international trade as weak for the nation, focusing instead on producing everything within their own borders. This indirectly leads to competition between nations for finite resources,

Growth of global exports

Total world exports adjusted for inflation (constant prices), relative to 1913. Values correspond to world export volumes indexed to 1913.



Source: Federico and Tena-Junguito (2016)

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Graph of Global Export Growth from 1800. Indexed to 1913.
https://ourworldindata.org/exports/world-trade-exports-constant-prices_v4_850x600.svg

¹ “History of the United Nations.” *United Nations*. Accessed 1 May 2022. <https://www.un.org/en/about-us/history-of-the-un>

² “The United Nations and the Impact on Trade.” *Saylor*. International Business. Accessed 1 May 2022. https://saylordotorg.github.io/text_international-business/s09-03-the-united-nations-and-the-imp.html

³ “Growth of Global Exports.” *Our World in Data*. 2016. https://ourworldindata.org/exports/world-trade-exports-constant-prices_v4_850x600.svg

⁴ Beltekian, Diana; Ortiz-Ospina, Esteban. “Trade and Globalization.” *Our World in Data*. Pub 2015. Rev 2018. <https://ourworldindata.org/trade-and-globalization>

leading to frequent wars.⁵ Military conflict is extremely disruptive to global trade, which the world experienced in World War 2, ending the brief “First Globalization” spurred by increasing global trade after the end of the First World War. Since the inception of the United Nations, global trade has skyrocketed, in large part due to the original mission of maintaining international peace and security.⁶ One area to view the interconnected roots of economic trade and global stability is Angola.

Diamonds are a large export for Angola, accounting for 9% of all globally traded diamonds.⁷ However, since independence from Portugal in 1975, Angola has faced large opposition from internal rebel groups. These rebels, prominently the UNITA, has funded their insurgency through seizing diamond mines across the country.⁸ In response to the diamonds funding bloodshed within the country costing up to 1.5 million lives, the United Nations sought ways to combat the sale of these “Blood Diamonds” as despite sanctioning trade with the rebels, UNITA continued to trade some diamonds. This led to the United Nations implementing the Kimberly Process to certify diamond sourcing.⁹ Since 2003, more than 99% of the world’s diamonds are certified from conflict-free sources. In eliminating the threat of conflict within Angola using economic means, the country has in turn become the fastest growing economy in Africa and the world, rebuilding from the devastation of internal conflict into a stable and prosperous nation.¹⁰



Kimberly Process Diamonds.

http://enoughproject.org/files/5662579248_eda7243d91_b.jpg

The establishment of the Kimberly Process addressed a global business issue: the ethics of business. By taking collective action, the industry was able to stop a conflict within a country while encouraging internal stability and the protection of their own assets within the nation. Angola serves as a case-study to examine how economic trade directly correlates with internal stability in reducing conflict within the nation.

CURRENT SITUATION

⁵ Lee, Jong-Wha; Pyun, Ju Hyun. “Does Trade Integration Contribute to Peace?” *Asian Development Bank*. January 2009. <https://www.adb.org/sites/default/files/publication/28499/wp24-trade-integration-peace.pdf>

⁶ “The United Nations and the Impact on Trade.” *Saylor*. International Business. Accessed 1 May 2022. https://saylordotorg.github.io/text_international-business/s09-03-the-united-nations-and-the-imp.html

⁷ “Angola,” last modified February 13, 2011, accessed February 16, 2011, <http://en.wikipedia.org/wiki/Angola>.

⁸ Michael Fleshman, “Targeting ‘Conflict Diamonds’ in Africa,” *Africa Recovery* 14, no. 4 (January 2001): 6, accessed December 31, 2010, <http://www.un.org/ecosocdev/geninfo/afrec/subjindx/144diam.htm>.

⁹ “Eliminating Conflict Diamonds,” accessed December 31, 2010, http://diamondfacts.org/conflict/eliminating_conflict_diamonds.html#kim.

¹⁰ *ibid*



The Ever Given stuck in the Suez Canal.

https://ichef.bbci.co.uk/news/976/cpsprodpb/C5EC/production/117686605_9d7a3562-59e1-454a-ac31-88a108c54573.jpg

Just over one year ago, one news story dominated the television. “Egypt’s Suez Canal blocked by huge container ship.” “How One of the World’s Biggest Ships Jammed the Suez Canal.” “How did Evergreen's ship get stuck in the Suez Canal and create the world's heaviest traffic jam?” The Evergreen Ever Given crisis.¹¹ The ship ran aground and became lodged in the Suez canal on March 24, bringing maritime traffic to a stop. How long until it would be cleared? How would this affect global shipping? Questions were flown left and right. One central theme emerged from the crisis: *In Suez Canal, Stuck Ship Is a Warning About Excessive Globalization*.¹² The world was asking the question of had global trade gone

far. Should nations return to self-sufficiency and lean off global trade? The crisis showed the world the dependence each nation had on one another to fulfill the economic demands of the citizens; the very same global dependence fostered by the United Nations begun over fifty years ago.

Since the Ever Given the global supply chain fostered by the United Nations has found itself strained and near the breaking point. Ports across the United States and Europe have long lines of cargo ships waiting to unload cargoes, with backlogs of up to 30 ships waiting off the coast of Los Angeles with wait times of 30 days.¹³ The backup is causing shelves to be restocked more slowly, causing regional shortages of various products imported from overseas. But there was a light at the end of the tunnel. Companies were hopeful at the start of 2022, with GM estimating they would be able to produce 30% more cars this year compared to the previous year. However, since the invasion of Ukraine, GM instead shut down a factory for two weeks citing a lack of computer chips.¹⁴ This problem is not only affecting the United States, but the globe as well. The ships stuck outside Los Angeles cannot return to their ports of origin, mainly China, to restock on supplies, leading factories in China unable to ship their goods to market. Europe, similarly, suffers from a backup at the ports across the continent.¹⁵ Today find ourselves in the midst of what many refer to as, “the Global Supply Chain Crisis.” As the crisis persists, some are beginning to wonder if the current global system is failing. Some argue that continued

¹¹ Leggett, Theo. “Egypt's Suez Canal blocked by huge container ship.” *BBC*. 24 March 2021. <https://www.bbc.com/news/world-middle-east-56505413>

¹² Goodman, Peter S. “In Suez Canal, Stuck Ship Is a Warning About Excessive Globalization.” *New York Times*. 26 March 2021. <https://www.nytimes.com/2021/03/26/business/ship-suez-canal.html>

¹³ Romero, Lynette. “Dozens of ships stuck offshore as Port of LA backup continues. *KTLA*. 29 September 2021. <https://ktla.com/news/local-news/dozens-of-ships-stuck-offshore-as-port-of-l-a-backup-continues/>

¹⁴ Isidore, Chris. “Why the global supply chain mess is getting so much worse.” *CNN*. 30 March 2022. <https://www.cnn.com/2022/03/30/business/global-supply-chain/index.html>

¹⁵ Laderman, David. “Port congestion in key Europe, US gateways continues to deteriorate: Sea-Intelligence.” *S&P Global*. 12 January 2022. <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/shipping/011222-port-congestion-in-key-europe-us-gateways-continues-to-deteriorate-sea-intelligence#:~:text=European%20ports%20in%20particular%20are,congestion%20continues%20to%20trend%20higher.>

disruption will eventually lead to increased conflict between nations who have and those who have not.¹⁶ These disruptions could lead to a breakdown of the cooperative advantage between nations and lead back to a world of increasing international competition.

DIRECTIVE

The goal of this committee is to alleviate the demands of the global supply chain. The committee should accomplish this through collaborative investigations and coordinated enforcement actions. Each member state has a unique national trade agenda that will enable them to go after different aspects of the Global Supply Chain Crisis. The task force should evaluate the trading capacity of various member states in order to solve the current supply chain crisis and prevent it from persisting, else risk undoing the global security brought about by the international trade carefully fostered by the United Nations.

¹⁶ Martin, Bradley. "Supply Chain Disruptions: The Risks and Consequences." *Rand*. 15 November 2021. <https://www.rand.org/blog/2021/11/supply-chain-disruptions-the-risks-and-consequences.html>

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