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Chair Report

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WMUN 5.0 ECONOMIC DEVELOPMENT COUNCIL

Chair Report

“The Global Energy Crisis”

A Message from The Chairs - Who are We?

Hello all,

My name is Yousaf Ahmed Bilal and I am the Under-Secretary-General of the WMUN Economic Development Council and the current president of the Economic Development Council. I am in Year 12 at the British International School of Riyadh and this is my first year of participating in MUN conferences. MUN is something that I have increasingly seen as essential given that it not only hones your debating and argumentative skills, but also allows for a greater appreciation for different political perspectives. General interest in international diplomacy and the art of politics - spinning your own narrative around the same events - have also played a part in my interest. The agenda at hand is extremely important given its severity - hopefully this will be reflected in the conference.

Warm regards,
Yousaf

Hello Everyone,

My name is Abdulaziz AlSharif and I am the new deputy of the EDC committee within WMUN. My history with MUN began last year, when a friend of mine encouraged me to sign up, and since then, I've absolutely loved every conference and debate I've had. Participating in MUN has helped me in classes such as Global Politics, as it allowed me to truly understand the perspectives of each nation when talking about different issues. Although I am relatively new to MUN, I have made sure to make every conference I have been in so far my best. Through the writing of countless resolutions, research, and position papers, I've managed to allow myself to gain experience, in order to do my best in my current position at WMUN, the Deputy of the EDC.

Hello delegates! My name is Basma Enany. I am 16 years old and I am from Saudi Arabia, in my Senior year in high school. I have been a part of my school's MUN club for 3 years and have attended a total of 10 conferences. I am excited as this is my fourth chairing experience. This committee has a very interesting topic at hand and I am eager to watch you all have a heated debate. I am keen on seeing you all share your ideas on the topics and critique the resolutions to your countries needs and reach an acceptable solution between each other. Feel free to contact me on my email if you have any questions.

What is the Economic Development Council?

Hello distinguished delegates and welcome to the Economic Development Council (EDC) of VIMUN. EDC is one of the major committees that make up our VIMUN and in this committee, we promote higher standards of living, full employment, and economic stability. EDC includes the countries that are members of the G20 and

the European Union. The delegates of this council are required to identify solutions for international economic issues and encourage universal respect for human rights and fundamental freedoms.

I. Statement of the Problem

The Global Energy Crisis is one that troubles every nation on Earth. It describes a situation in which the world has placed an enormous amount of dependency on limited natural resources which are used to power our industrial societies. The causes of this energy crisis are many, the most important 4 reasons however are: overconsumption of natural resources, overpopulation, which causes the mass usage of the natural resources, poor infrastructure & outdated equipment, which restricts the production of energy, and lastly, unexplored renewable energy options.

The reason why this is so important is due to the severe ramifications that lay ahead. Firstly, and arguably the most important problem is climate change - if a global collective effort fails to emerge, the future is essentially compromised for the next generations, most probably permanently. Secondly, over-reliance on fossil fuels - a nonrenewable resource - has led to, and will continue to lead to rising fuel prices, which also has a universal effect on the world's nations as both businesses and consumers get affected. One key example of this is the tourism industry, which has historically been very responsive to changes in rising fuel prices, given it raises costs. Another crucial factor is the potential for political and geopolitical disturbance - if traditional sources of energy become more scarce, both domestic and international conflict will undoubtedly increase. This has been most apparent in the Middle East, where countless conflicts have erupted over influence of natural fuel resources. A more recent example is the brewing conflict in the South China Sea, where countries have aggressively tried to increase

their influence and gain control over the estimated reserves of fourteen trillion barrels of natural gas and twenty billion barrels of oil.

One solution is to utilise varied sources and release the pressure on non-renewable ones. There are countless energy sources which may be used, some of which have been implemented on a massive scale in nations such as the Netherlands & Germany. These energy sources can be divided into four different categories, solar energy, wind energy, hydro energy, and nuclear energy. It may sound simple, to just implement these sources of energy in order to alleviate the energy crisis, however, that idea is deceiving due to the fact that many nations in the world do not have the money or the resources to implement these. Even rich nations, such as Saudi Arabia, would have a difficult time setting up dams, due to the nations lack of water, and solar panels, due to the high amount of dust which would make its way onto them. For these reasons, many countries in the world are still heavily reliant on oil to power their societies, and have put little thought into changing their plans. Certain countries have also played a part in protecting the traditional fuel industry due to their large monetary stake in it. OPEC, an oil organisation of oil-exporting countries, for example, is in essence a cartel. It has artificially jacked up global prices of oil and continues to do so without consequences.

Another imperative step to take is to increase regulation and restrictions on carbon emissions. However, there are many obstacles which interfere with this, such as selfish interests, slow bureaucracy, regulatory loopholes, and little enforcement. A recent example was the Paris Climate agreement, which was an ambitious attempt that still faces problems regarding implementation today.

Important factors to consider are the consequences of actions - who are the winners and losers and how does that affect how the energy crisis is addressed.

II. Definition of Key Terms

Renewable energy

Renewable energy, also called alternative energy, usable energy derived from replenishable sources such as the Sun (solar energy), wind (wind power), rivers (hydroelectric power), hot springs (geothermal energy), tides (tidal power), and biomass (biofuels).

Global Warming

The phenomenon of increasing average air temperatures near the surface of Earth over the past one to two centuries, primarily due to human activity (carbon emissions)

OPEC

OPEC, in full Organization of the Petroleum Exporting Countries, a multinational organization that was established to coordinate the petroleum policies of its members and to provide member states with technical and economic aid. It has been known to artificially influence oil prices through member collaboration - hence, its de facto a **cartel**

Cartel

This is an association of independent firms or individuals for the purpose of exerting some form of restrictive or monopolistic influence on the production or sale of a commodity. The most common arrangements are aimed at regulating prices or output or dividing up markets.

Embargo

Embargo, legal prohibition by a government or group of governments restricting the departure of vessels or movement of goods from some or all locations to one or more countries. Embargoes may be broad or narrow in scope.

IRENA

The International Renewable Energy Agency (IRENA) is an intergovernmental organisation that supports countries in their transition

to a sustainable energy future, and serves as the principal platform for international cooperation, a centre of excellence, and a repository of policy, technology, resource and financial knowledge on renewable energy. IRENA is an official United Nations observer.

ECT

The Energy Charter Treaty (ECT) is an international agreement that establishes a multilateral framework for cross-border cooperation in the energy industry. The treaty covers all aspects of commercial energy activities including trade, transit, investments and energy efficiency.

IMPORTANT: These terms are not here to only help your understanding; they are also here to help guide your research. Use these terms in your research, and analyse them to better understand what specific sub-issues exist within this topic and can be tackled in a resolution. Also, since a lot of these terms are different, they will require different means of solving them. Please keep this in mind throughout your research process.

*If you have any questions about this see our contact information further on.

III. History of the Problem

Localized shortages, wars, and market manipulation are the main causes of most energy crises. Though there are some other actions which some have argued shift supply and demand of energy away from its economic balance, for example, government actions such as nationalization of energy companies, tax hikes, and regulation of the energy sector. Market failure is one of the main causes in modern day society. However, union-organized strikes and government embargoes can also develop a crisis. A crisis such as the global energy crisis may be due to over-consumption, choke point disruption, aging infrastructure or bottlenecks at oil refineries which limit the supply of fuel. This may lead to an emergency during cold winters.

Large fluctuations and manipulations in future derivatives can have a substantial impact on price. Large investment banks control 80% of oil derivatives as of May 2012, compared to 30% only a decade ago. This increase contributed to an improvement of global energy output from 117 687 TWh in 2000 to 143 851TWh in 2008. Limitations on free trade for derivatives could reverse this trend of growth in energy production. Kuwaiti Oil Minister Hani Hussein stated that "Under the supply and demand theory, oil prices today are not justified," in an interview with Upstream.

Pipeline failures and other accidents may cause minor interruptions to energy supplies. A crisis could possibly emerge after infrastructure damage from severe weather. Attacks by terrorists or militia on important infrastructure are a possible problem for energy consumers, with a successful strike on a Middle East facility potentially causing global shortages. Political events, for example, when governments change due to regime change, monarchy collapse, military occupation,

and coup may disrupt oil and gas production and create shortages. Fuel shortage can also be due to the excess and useless use of the fuels. By the early 1970s, American oil consumption—in the form of gasoline and other products—was rising even as domestic oil production was declining, leading to an increasing dependence on oil imported from abroad. Despite this, Americans worried little about a dwindling supply or a spike in prices, and were encouraged in this attitude by policymakers in Washington, who believed that Arab oil exporters couldn't afford to lose the revenue from the U.S. market. These assumptions were demolished in 1973, when an oil embargo imposed by members of the Organization of Arab Petroleum Exporting Countries (OAPEC) led to fuel shortages and sky-high prices throughout much of the decade. In 1948, the Allied powers had carved land out of the British-controlled territory of Palestine in order to create the state of Israel, which would serve as a homeland for disenfranchised Jews from around the world. Much of the Arab population in the region refused to acknowledge the Israeli state, however, and over the next decades sporadic attacks periodically erupted into full-scale conflict. One of these Arab-Israeli wars, the Yom Kippur War, began in early October 1973, when Egypt and Syria attacked Israel on the Jewish holy day of Yom Kippur. After the Soviet Union began sending arms to Egypt and Syria, U.S. President Richard Nixon began an effort to resupply Israel.

Did you know? In the early 21st century, Americans continue to rely heavily on foreign oil. The United States consumes about 20 million of the roughly 80 million barrels of oil consumed daily in the world, and three-fifths of that is imported.

In response, members of the Organization of Arab Petroleum Exporting Countries (OAPEC) reduced their petroleum production and proclaimed an embargo on oil shipments to the United States and the Netherlands,

the main supporters of Israel. Though the Yom Kippur War ended in late October, the embargo and limitations on oil production continued, sparking an international energy crisis. As it turned out, Washington's earlier assumption that an oil boycott for political reasons would hurt the Persian Gulf financially turned out to be wrong, as the increased price per barrel of oil more than made up for the reduced production.

In the three frenzied months after the embargo was announced, the price of oil shot from \$3 per barrel to \$12. After decades of abundant supply and growing consumption, Americans now faced price hikes and fuel shortages, causing lines to form at gasoline stations around the country. Local, state and national leaders called for measures to conserve energy, asking gas stations to close on Sundays and homeowners to refrain from putting up holiday lights on their houses. In addition to causing major problems in the lives of consumers, the energy crisis was a huge blow to the American automotive industry, which had for decades turned out bigger and bigger cars and would now be outpaced by Japanese manufacturers producing smaller and more fuel-efficient models. Though the embargo was not enforced uniformly in Europe, the price hikes led to an energy crisis of even greater proportions than in the United States. Countries such as Great Britain, Germany, Switzerland, Norway and Denmark placed limitations on driving, boating and flying, while the British prime minister urged his countrymen only to heat one room in their homes during the winter.

The oil embargo was lifted in March 1974, but oil prices remained high, and the effects of the energy crisis lingered throughout the decade. In addition to price controls and gasoline rationing, a national speed limit was imposed and daylight saving time was adopted year-round for the period of 1974-75. Environmentalism reached new heights during the crisis, and became a motivating force behind policymaking in

Washington. Various acts of legislation during the 1970s sought to redefine America's relationship to fossil fuels and other sources of energy, from the Emergency Petroleum Allocation Act (passed by Congress in November 1973, at the height of the oil panic) to the Energy Policy and Conservation Act of 1975 and the creation of the Department of Energy in 1977.

As part of the movement toward energy reform, efforts were made to stimulate domestic oil production as well as to reduce American dependence on fossil fuels and find alternative sources of power, including renewable energy sources such as solar or wind power, as well as nuclear power. However, after oil prices collapsed in the mid-1980s and prices dropped to more moderate levels, domestic oil production fell once more, while progress toward energy efficiency slowed and foreign imports increased.

IV. Previous Attempts At Solutions

The Paris Agreement is an internationally legally binding treaty on climate change. It aims to limit global warming to below 2c-1.5c compared to pre-industrial levels. 197 nations (nearly every single state) have ratified the Paris Agreement, making it one of the most internationally agreed upon things. The agreement aims to limit the usage of fossil fuels in the everyday life of modern societies, and hopes to switch to more renewable energy sources. Countries which have ratified the Paris Agreement are expected to share new technological discoveries/improvements which may positively affect the renewable/clean energy field, in hopes of using global cooperation to solve this issue. The agreement also requires nations to openly report the

actions they have taken in order to alleviate the crisis after 2024. The successes/failures of the Paris agreement are inconsistent, as some nations such as France have failed to act upon any of the promises they made in 2015. Some of the successes are that net-zero has become more mainstream, and large businesses and corporations have also begun to take action on this issue. While the Paris Agreement does not include any harsh penalties for violations, it does involve a robust system of monitoring, reporting, and reassessing the successes and failures of individual nations.

V. Possible Solutions

- Encourage the usage and research of clean energy/renewable energy sources such as solar, hydro, wind, and nuclear energy through
 - Subsidising research of renewable fuels
 - Subsidising the respective industries for renewable energy
 - Provide aid to developing nations in order to support them in implementing sustainable energy sources
 - Vitalize nations with oil-based economies to strengthen other sectors of their economy, and to encourage them to become more independent of oil profits.
 - Encourage the creation of strict laws which enforce the implementation and usage of renewable/clean energy
- Possible Enforcement Mechanisms:
 - Sanctions
 - International Condemnation
 - Embargos
 - Taxes

- Demands for the dissolution of power in regards to fuel monopolies/cartels
- Regulate OPEC
- Apply sanctions if necessary
- Expand measures against the continued use of non-renewable energy
- Expand the current Carbon Tax under the United Nations Framework Convention on Climate Change.

VI. Research Tips

When researching, one useful tip would be to group your research into 5 categories: a) your delegation/country's history with the issue, b) what relationship your delegation currently has to the issue and what is currently being done in terms of a solution that your delegation is involved with, and c) what your delegation *would like* to see in the future and some proposed solutions that would achieve that.

What is the source of the problem?

Your delegation/country's history with the issue

What relationship your delegation currently has to the issue and what is currently being done in terms of a solution that your delegation is involved with

What your delegation *would like* to see in the future and some proposed solutions that would achieve that

What resources may your nation require in order to help the situation?

By no means does your research have to contain every aspect of this, nor does it have to follow this guideline. It is just a recommendation.

Remember, always make sure that when you summarize your country's stance on the issue in your opening speech, it **MUST** be consistent with

what that country actually wants/believes, and your behavior throughout the entire conference must be consistent with this - there is no room for personal opinion.

If you have any more questions or require any further assistance, **do not hesitate** to contact any of the committee's chairs or president:

Yousaf Bilal: yousafbilal212@gmail.com or 07bilal@bistr.com.sa

Aziz Alsharif: aaltaraif@air.org

Basma Enany: Enanybasma@gmail.com

VII. References - See these for further reading!

A research paper on the global climate crisis

https://www.researchgate.net/publication/278835899_Understanding_the_Global_Energy_Crisis

Note: the page only shows a summary, the PDF is downloadable on the right and can be used for further info

What is OPEC? | CNBC Explains

<https://www.youtube.com/watch?v=mlWmJt8O8Kw>

Debate on the issue

<https://www.economist.com/news/2008/08/19/the-oppositions-opening-statement>

PDF with world energy issues

https://www.worldenergy.org/assets/downloads/World_Energy_Issues_Monitor_2020_-_Full_Report.pdf

Online Articles

<https://www.nytimes.com/2019/10/07/business/energy-environment/climate-energy-experts-debate.html>

<https://www.marketplace.org/2016/05/31/how-oil-shortage-1970s-shaped-todays-economic-policy/>

Recent report regarding the global energy crisis and COVID-19 (2020 & 2021)

<https://www.iea.org/reports/global-energy-review-2020>

<https://www.iea.org/reports/global-energy-review-2021>

Websites with useful information

<https://www.conserve-energy-future.com/causes-and-solutions-to-the-global-energy-crisis.php#1> Move Towards Renewable Resources
<https://www.conserve-energy-future.com/biomassenergy.php>
<https://www.britannica.com/topic/oil-crisis>
<https://americanhistory.si.edu/american-enterprise-exhibition/consumer-era/energy-crisis>

VIII. MUN Procedure Reminder

Many resources will have already been sent you you, but here is quick recap of some of the information that has been covered in the training sessions

Every delegate will join their assigned committee on discord and rename themselves to: Delegate of [insert nation name]

Each delegate will then give their small opening speech, which should be no longer than 2 minutes:

This should be a brief summary of your country's stance on the topic that is being discussed (The Global Energy Crisis),

This will be important for other delegates to determine if you will be a potential ally for the time in the conference and who will be signatories/co-submitters on which resolution.

Discussion of the resolution will then begin

The resolution will be presented by the main submitters (Saudi Arabia will present one resolution and France will present another) who will then read out the operative clauses of the resolution and entertain questions from other delegations

Amendments may be sent in and entertained during this time to resolve conflicts or make the resolution better,

These amendments will be voted on, and eventually the resolution as a whole will be voted on.

