



**17<sup>TH</sup> ANNUAL CONFERENCE**

**25<sup>TH</sup> -27<sup>TH</sup> OCTOBER 2019**

**THE INTERNATIONAL CHAMBER  
OF COMMERCE**

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# MESSAGE FROM THE DIRECTORS

Dear Delegates,

Welcome to the first simulation of the International Chamber of Commerce at Oxford International Model United Nations. We hope that you will find this study guide enjoyable to read and of good introductory material to better understand how the ICC operates and how you as a Chamber of Commerce representative can bring a solution to the table.

Without further ado let us briefly introduce ourselves:

Henry started MUN-ing at CUIMUN 2017 and has since both delegated and chaired in multiple conferences across the world. He is passionate about current affairs and more specifically at pre-existing clashes between actors of the private and public sphere. For Oxford International Model UN 2019, he hopes to see strong debates and creative solutions emerging from the unique structure of the ICC.

Gibran started MUN with HCM17 in Dubai and has since both delegated and chaired in multiple conferences across the United Kingdom and the Middle East. He has a keen interest in modern geopolitics and the current state of the world economy. For this session of the International Chamber of Commerce, he also hopes to see strong debates and creative solutions emerging from the centenary structure of this committee.

Yours truly,

Your Directors

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# BRIEF GUIDE TO INTERCONNECTIVITY AT OXIMUN 2019

Dear Delegates,

Before jumping into the in depth research contained in this guide this introductory section is designed to help you understand the added dynamics that will be at play at OxIMUN 2019 this year. Oxford Model United Nations will be bringing *Interconnectivity* to the United Kingdom for the first time. First developed at WebMUN 2014 and then replicated by other conferences such as MUNAPEST, and most recently PiMUN; interconnectivity aims to provide a more realistic experience for delegates who wish to substantively simulate the world of international diplomacy. Just as delegates from the same country operate under a shared foreign policy in real life, delegates in the Intermediate and Advanced committees will be responsible not only for passing resolutions within committees, but for proposing policies, treaties and projects *across* them. Delegates will be working with the delegates representing the same country in other committees in order to advance their national, and global ambitions. Events, resolutions and decisions undertaken in one committee will impact others in real-time. However, **the structures of interconnectivity in the Intermediate and Advanced committees ARE SEPARATE** meaning that delegates in Intermediate committees will not be negotiating or working with delegates in Intermediate committees under any circumstance or scope, but will only be concerned with the problematics present at their level. Below you will find a table of all committees in your interconnectivity system which you are expected to liaise with.

All actions pursued by all delegates regardless of committee must be related to the themes at hand. For Intermediate Committees the general theme is “*Challenging Global Financial Interests.*” Delegation Meetings and Multilateral Talks are not an opportunity to discuss country dynamics which are wholly unrelated to the themes being actively debated.

Intermediate Committees:
INTERCON 1.0
Challenging Global Financial Interests
AU
ASEAN

G20
ILO
ICC
ECOFIN
World Bank
UNCTAD
Press Corps 1.0

Below is a brief guide to how interconnectivity works and what it will mean for you. However, we highly advise delegates to read the full in depth description of what interconnectivity is and how it works please visit the OxIMUN 2019 Rules of Procedure.

Link: [Rules of Procedure](#)

**You as a delegate:**

While providing an effective and realistic context of political interdependence between parties, states, and committees delegates will be engaging not solely with the topics of their committee but are also expected to consider and contribute to other decisions its country makes. *(It must be stressed that delegates are still expected to debate within committee about the topics outlined in this guide as this is your foci of research)*. Yet, delegates will no longer be rogue representatives but rather part of a working country delegation and as such will have to be aware of other dynamics occurring outside their committee and communicate effectively with the rest of their delegation.

**Conference Wide Communication and Press:** In order to operate within the dynamics of interconnectivity a Directorial Board composed of the OxIMUN 2019 Academics Team will be monitoring Conference Communication and dynamics to update all delegates on what is occurring. Press Committee 1.0 will also be able to report on new updates, resolutions and outside deals that are passed but look out for Official Directorial Board Statements to receive official, unbiased updates on what has occurred.

Additionally, all delegates will be provided a Slack Account prior to the Conference where they will be connected with all Intermediate Committees and Delegates. Each Delegate will have access to a Channel connecting them with their committee, their Country Delegation, their Committee Directors, the Directorial Board, and your Financial Body (the World Bank) as well as a General Conference Channel.

Delegate within Interconnectivity are expected to:

**Take part in Delegation Meetings:** At designated times during the conference, delegation Meetings will provide the opportunity for all Delegates representing the Same Country (*not the same University!*) to come together and discuss recent developments and advancements within their committees. This is the time in which delegates must strategise with their Delegation in order to best advance their shared aims and their country objectives. Prior to arriving at OxIMUN delegates should have already begun preliminary virtual discussions settling their shared strategy (via their provided Slack accounts).

At the end of each meeting each delegation will informally write down its new policy decisions and strategies in a Policy Paper it will send to the Directorial Board via Slack.

**Engage in Multilateral Talks and Private Meetings:** Multilateral Talks and Private meetings are the way delegates can talk to other countries or specific delegates they wish to organize a deal or plan with. Multilateral Talks allow delegates to negotiate issues that only concern limited number of states, are outside the scope of committee debate, or require immediate action. A delegate may send a Slack Message to the Committee Director requesting to meet with one or more Representatives of any Committee in a location of privacy.

**Manage their Budget:** Each Delegation, prior to the conference will be given a budget. This should include the delegation's total budget, their credit outlook, their Standard and Poor Rating, Interest Rate and Down Payment. This budget will then be used and shared by each Country Delegation (keeping in mind these always remain separate between Advanced and Intermediate committees). Delegations may use this budget to pursue committee goals, multilateral agendas or unilateral actions pertaining to their country specifically. Delegations must also keep in mind that their actions and decisions throughout the conference may impact their Credit Rating and thus negatively or positively impact their budget's size.

Delegates will turn to the World Bank, which will be the financial system for Intermediate committees in order to get advice and receive approval on projects. Please see details in the Rules of Procedure.

# INTRODUCTION TO THE INTERNATIONAL CHAMBER OF COMMERCE

The ICC (The International Chamber of Commerce) was founded in 1919 to serve world business by promoting trade and investment, open markets for goods and services, and the free flow of capital. The International chamber of commerce is a force for economic growth, job creation and prosperity. ICC is the world's only truly global business organization whose object is to facilitate the regulation of the world economy. The ICC lobbies for open trade, business self-regulation, and fighting corruption and commercial crimes. The ICC speaks for world businesses when governments consider issues like intellectual property rights, trade regulations, and environmental protection legislation. The ICC also develops rules and standards that companies can adopt voluntarily, and that can be incorporated in binding contracts.

## *HISTORY OF THE COMMITTEE*

After World War I, a group of entrepreneurs—known as the Merchants of Peace—recognized the need to rebuild economies and standardize international commerce relations and procedures. By 1919, the International Chamber of Commerce was born.

Throughout the 1920s and 1930s, the ICC paid particular attention to the challenges, complexities, and risks of global trade. In 1923, for example, it introduced the International Court of Arbitration to help resolve international business disputes. Today, that court is considered the premier institution of its kind. Meanwhile, the ICC began to establish guidelines and standards to mitigate the complexity of differing trade rules in different countries. For example, it developed trade finance standards to help small businesses move into foreign markets. The ICC also created rules for documentary credits (procedures in which the creditworthiness of an importer is substituted by the guaranty of a bank for a specific transaction) and demand guarantees. In 1936, the first version of the Incoterms rules was published.

## *STRUCTURE AND FUNCTIONS OF THE COMMITTEE*

The International Chamber of Commerce promotes international trade and investment, and helps business meet the challenges and opportunities of globalization. ICC has three main activities – rule setting,

arbitration and policy – and provides essential services such as ICC Arbitration, training, commercial crime fighting and customs facilitation.

ICC's supreme governing body, the World Council is the equivalent of the general assembly of a major intergovernmental organization. In this case however, the delegates are business executives from their country and not government officials.

# **TOPIC A: TRANSNATIONAL FIRMS' ACCOUNTABILITY IN MONOPOLY/DUOPOLY SITUATIONS**

## *BACKGROUND*

Recent emergence of industrial, tech and any other 'giants' left an unprecedented legal gap between anti-trust institutions and the booming of monopolies or duopolies in the global economy. The International Chamber of Commerce is currently one of the rare organs of legislation and arbitration aiming to provide applicable, long term and beneficial rulings. However, this shift of the global economy has redefined notions of statehood, borders, and challenge many assumptions found in performance indexes such as turnover and profit but also legal notions such as the subject of taxation. This left for an unprecedented gap in accountability and a lack of it thereof.

Many examples are becoming mainstream and regulatory bodies have tried implementing legislation but so far have not been able to provide an applicable, long term and beneficial system. The cases of the GAFA (commonly referring to Google, Apple, Facebook and Amazon) could be considered to be the tip of the iceberg as more specialised segments of the service industry is faced with actors becoming leaders in a situation of virtual monopoly / duopoly. The international world order is currently faced with a dilemma that could threaten the current status quo as it needs to understand how the world economy is being reshaped and by what regulations and rules should the new actors abide.

Some of the new key actors started working locally with regulators in order to avoid interruption of business, illegal trade actions, and other corporate malfeasance. However, despite the efforts of companies to comply with local regulations, the issues of monopoly / duopoly situations threaten the very basis of a market-based economy. The question then arises, in spite of a company following through with regulations, how can accountability be established. This debate has been at the very heart of some of the ICC concern over the last decade and more recently since the internet whistle blowing movement.

According to the European Commission's competition law, effective market interest only resides when fair competition exists and is being sustained in order to avoid the formation of cartels and monopoly.

The issues of accountability in the case of a monopoly/ duopoly from a business, privacy, security and environmental standpoint is quite challenging. The International Chamber of Commerce has yet to determine how it should react and intervene in the dialogue between civil society, officials and firms.

## *DISCUSSION OF THE PROBLEM*

The very basis of a liberal economy would argue in favour of a fair competition in order to bring the best to the individual customer. But recent trends tend to demonstrate a stronger development of unequal business situations where a competitor can hardly be of any kind of competition to the market leader, especially in the newer fields of the economy (financial technology, new technologies, resource companies, financial institutions etc.) This calls for new approaches on regulation in order to strike a compromise between regulation, self-regulation and arbitration. This chamber would be a great body to see how self-regulation and arbitration can facilitate the relationship between private firms and states by allowing trade to continue and yet avoid micro-cataclysm and instability.

To better dive into accountability issues, it is important to differentiate the impact a monopoly has from a duopoly. Many impacts can be linked with the issue of market dominance but two examples here can underline and explain how a monopoly and a duopoly can reshape a market, its consumer and generates clashes.

### ***The GAF A trap***

New industries and technologies have allowed opportunity to develop. However, this is also one of the greatest economic shifts the world has ever seen with new services and dominating industry players. Few companies have now in fact passed the threshold of a trillion-dollar valuation. This not only shows the strength of some key players but also how those opportunities would beneficiate more than just the firm. However, this has led to many issues of accountability when transnational firms are in a situation of virtual monopoly. The GAF A trap is characterised with this idea that the monopoly isn't unlike a typical case rather that the pre-existing actor is so strong that no competitors could wish to embark on a competition war. This also calls for a new set of measures and precautions as the pre-existing ones are obsolete. Some examples would be the establishment of Internet Service providers having to compete whereas some internet services could dominate an entire chunk of internet services (internet searches for example).

GAF A refers to global super platforms but is acronym coined by the EU to originally refer Google, Apple, Facebook and Amazon.

### ***The Gig economy effect***

New business models which undermines the true size of a transnational firm do challenge some of the traditional ways a company would be held accountable. The current Uber and Lyft legal case is an example of regulatory bodies acting as these companies did not provide a strong enough justification of their existing business model. The re-emergence of online based business platforms and services does pose new dynamics that have not been clearly accounted for. This also opens the discussion on legitimate legal enforcement. This is shown in cases in which business interest surpassed legislation instead of working conjunctly. The recent emergence of dockless operated devices such as bicycles, scooters and mopeds does pose a challenge as the legislator is either faced with too many different actors to regulate or has to manage one dominating actor whom is most likely to determine all commercial practices as few legal obligations exists.

As those examples reveal just the first layer of contact with business disagreements, challenges arise when the impact of a duopoly or monopoly dictates how business in a specific category should evolve. As the structure of the ICC is unique, each chamber representative should consider local business interest, pre-existing legislation and common interest in which other chambers could tap into to provide solutions.

### ***POINTS A RESOLUTION SHOULD ADDRESS***

- By which economic principles should the ICC should stand for given local existing legislation?
- What should the ICC stand for and against with regards to accountability measures?
- How can accountability be defined in terms of impact at a local and global stage?
- How should markets regulation be set in place in order to allow for free trade and healthy competition?
- What should be the cooperative tools between States and Transnational firm?
- How can legal and business be protected without impeding on the health of the world economy?
- How can the current arbitration body refocus its scope to better provide solutions that can be applicable and mutually beneficial?

### ***FURTHER READING***

Lex Mercatoria, International Arbitration and Independent Guarantees: Transnational Law and How Nation States Lost the Monopoly of Legitimate Enforcement found here: [https://www.academia.edu/27816513/Lex\\_Mercatoria\\_International\\_Arbitration\\_and\\_Independent\\_G](https://www.academia.edu/27816513/Lex_Mercatoria_International_Arbitration_and_Independent_G)

## TOPIC B: TACKLING FINANCIALIZATION PROCESSES IN THE CONTEXT OF UNFAIR COMPETITION

### *BACKGROUND*

The ever-increased importance of financial market can bring all sorts of things to the economy, mostly liquidity and other forms of easy-to-trade elements. However, this came with a strong consequence as the shift of economic power completely redesigned the markets of both the financial world and the real economy.

Despite strong criticism, national and international legislation, its reliance is becoming of strategic importance and competition is becoming fierce. This leads to a wide array of issues in which the public sector has failed to account for. The ICC has a role to play to ensure that competition remains fair especially given its arbitration tradition.

Tackling financialization processes would require discussing both current legislation, existing loopholes and sustainable solution to keep the balance between speculative finance and investment finance.

### *DEFINITIONS*

**Financialization:** the process by which financial institutions, markets, etc., increase in size and influence.

**Unfair competition:** is essentially a deceptive or wrongful business practice that economically harms either consumers or business entities.

**Financial Market:** markets are where businesses go to raise cash to grow. It's where companies reduce risks and investors make money. Types of financial markets include the Stock Market, the Bond Market and the Commodities Market.

### *DISCUSSION OF THE PROBLEM*

The financialization dream was that financial innovation was creative, supported economic development and contributed to global market efficiency. It grew extensively and characterised the economic landscape during the last 30 years, alongside globalisation and neoliberalism. The effect was massive credit creation

and financial turnover in terms of scale, speed and geography, turning finance from an agent of the real sector to a power in its own right.

The European Commission has defined for key aspects in which financialization can be adverse to inclusive growth, innovation, inequality and financial stability. First, excessive financialization depresses economic growth because it implies that a larger fraction of credit is directed toward unfruitful investment projects, possibly generating economic crises. A good example of this problem is the Spanish property bubble.

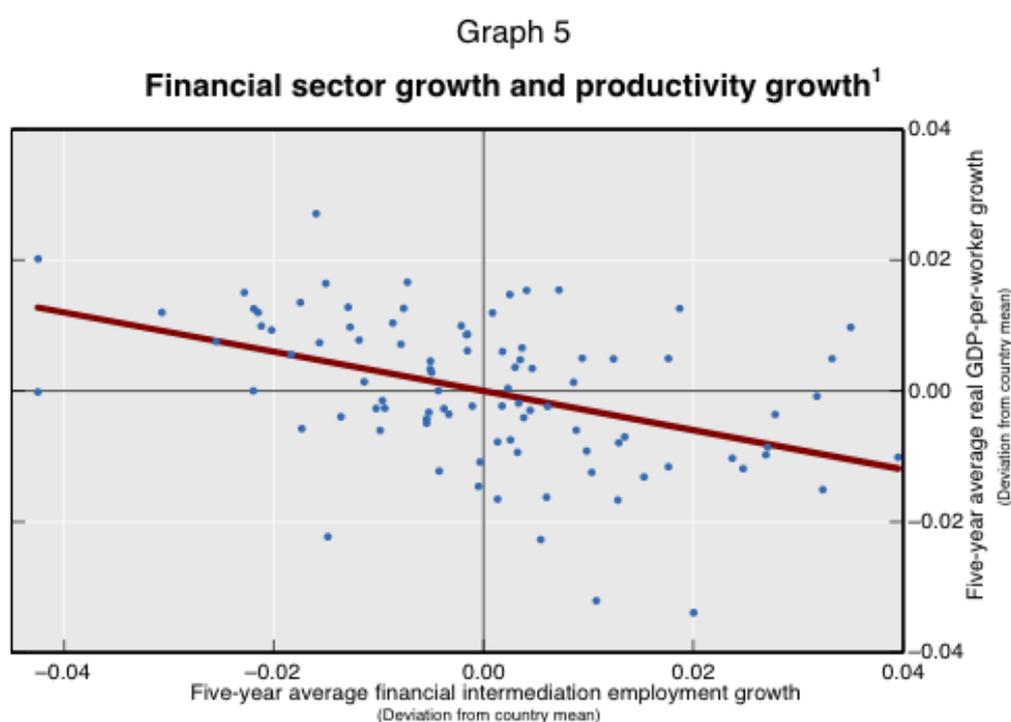


Figure 1: Map A negative correlation between the development of the finance sector and the real economy. Retrieved from <https://www.economicshelp.org/blog/144459/finance/pros-and-cons-of-financialisation/>

Second, financialization has negative impact on innovation because the separation between actors taking risks from innovation and actors extracting rents from innovation implies lower share of reinvested profits (e.g. via short-termism and share buybacks). This is the main difference between speculative finance and investment finance. Investment involves purchasing an asset or a security with the hope it will generate certain returns in the future, thus investment finance is long term. Speculation, on the other hand, involves an element of risk in a financial transaction and how sufficient profits can be earned from the same, thus speculation finance is short-term.

Third, financialization contributes to inequality by strengthening top earners bargaining power in terms of higher wages and lower taxation, as well as by burdening public budgets with fiscal assistance to financial institutions in time of crisis.

Fourth, financialization may lead to financial instability by increasing both the leverage of interconnected financial institutions and the risk of mispricing of large asset classes (e.g. the dynamics of leverage and mispricing of mortgage backed securities in the run of the 2008 financial crisis).

The crisis of 2007 and its aftermath, furthermore, indicate that financialization is persistent. Confronting it and dealing with its problematic outcomes from the standpoint of working people will take more than merely intervening in the regulatory framework of finance.

Financialization represents a transformation of mature capitalism resting on the altered conduct of non-financial enterprises, banks and households. The transformation has taken place during the last four decades within an environment determined by neo-liberal ideology and shaped through deregulation of labour and financial markets. Financialization also has a subordinate dimension in developing countries reflecting the hierarchical nature of the world market and world money.

### *POINTS A RESOLUTION SHOULD ADDRESS*

- By which economic principles should the ICC should stand for given local existing legislation?
- What should the ICC stand for and against with regards to Financialisation?
- How should markets regulation be set in place in order to reduce financialization's depression of economic growth?
- How can legal and business be protected without impeding on the health of the world economy?

### *FURTHER READING*

The End of 'Financialization' by Andrew Sheng – Institute for New Economic Thinking found here:

<https://www.ineteconomics.org/perspectives/blog/the-end-of-financialization>

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